

COUNTY
OF
ROCKBRIDGE
VIRGINIA



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COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

COUNTY OF ROCKBRIDGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Prepared by

Steven Bolster, Director of Fiscal Services

County of Rockbridge, Virginia

COUNTY OF ROCKBRIDGE, VIRGINIA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2019

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INTRODUCTORY SECTION



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County of Rockbridge

150 South Main Street
Lexington, Virginia 24450

County Board of Supervisors

JOHN M. HIGGINS
Buffalo
Magisterial District

DANIEL E. LYONS
Kerrs Creek
Magisterial District

DAVID W. HINTY, JR.
Natural Bridge
Magisterial District

RONNIE R. CAMPBELL
South River
Magisterial District

A.J. "Jay" LEWIS, II
Walkers Creek
Magisterial District

December 13, 2019

To the Honorable Board of Supervisors and the Citizens of the County of Rockbridge, Virginia:

Commonwealth of Virginia law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County of Rockbridge's financial statements for the year ended June 30, 2019. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. The independent auditor's report is located at the front of the financial section of this document.

In addition to meeting requirements set forth by state statutes, the independent audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) to meet the special needs of federal grantor agencies. As a part of the County's single audit, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2019 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations. The auditors' report related specifically to the single audit is included in the Compliance Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management discussion and analysis (MD&A). The MD&A complements the letter of transmittal and should be read in conjunction with it. The County of Rockbridge MD&A immediately follows the independent auditor's report.

Profile of Rockbridge County

The County of Rockbridge was formed in 1778 and named after the Natural Bridge of Virginia, a historic geological wonder located in the southern part of the County. Two-thirds of the County's 607 square miles came from Botetourt County to the south and the remainder from Augusta County to the north. Rockbridge County is located in the southern portion of the Shenandoah Valley between the Alleghany and Blue Ridge Mountain ranges. Two major interstates, I-81 and I-64, intersect near the geographical center of the County, creating a superb transportation corridor. Thousands of tourists annually traverse the 17 miles of the Blue Ridge Parkway which lies along the County's eastern border. Many enjoy visits to the region's 95,371 acres of National Forest and Wildlife Management areas and the James and Maury Rivers, as well as the 1,400-acre Natural Bridge State Park. Additionally, the 361-acre Virginia Horse Center is located in the center of Rockbridge County, just north of the City of Lexington. The Center provides year-round activities including equine competition events, major horse sales, instructional classes, and recreation opportunities.

The County of Rockbridge is a political subdivision of the Commonwealth of Virginia that is administered by a five-member Board of Supervisors. Policy-making and legislative authority are vested in the governing body (Board). Board members are elected by magisterial district and serve four-year, staggered terms. The Board appoints the County Administrator who oversees the County's operations.

The Board of Supervisors adopted mission, vision, and values statements on March 11, 2013. The Board envisions a community defined by first-class educational programs for youth and adults, enhanced through widespread and quality access to broadband connectivity; where our citizens enjoy a healthy, safe environment, and where rural character, scenic beauty and agricultural roots are respected, protected and balanced with sensible and managed growth to include high-technology development and promotion of local agriculture and outdoor recreation as part of the economic base; and where the levels of services provided meet or exceed the expectations of our residents at every level; and where our youth and succeeding generations can grow, play, and economically thrive. The Board has a mission to provide leadership, responsibly allocate resources, and establish policies which will promote safety, protection of our rural environment, education, and managed growth in a manner which is at all times open, honest, and respectful. In every interaction the Board will adhere to the tenets of integrity, openness, mutual respect, innovation and adaptability, humility, accountability, and loyalty.

The County of Rockbridge provides a full range of services, including law enforcement protection; building inspections; licenses and permits; refuse and recycling collection centers; and recreational facilities. Local volunteer fire departments provide fire protection and volunteer rescue squads, supplemented by Fire-Rescue staffing, delivers emergency medical response and transport services as well as fire protection when needed. The County furnishes support to the volunteer agencies through cash contributions for operational and capital expenditures, and funds individual, annual financial audits for each agency and the following annual inspection

and/or certification of equipment: self-contained breathing apparatus, fire engine hoses, ground ladders, aerial ladder (Glasgow VFD only), fire engine pumps, and cardiac monitors/automated external defibrillators. Rockbridge County is financially accountable for a legally separate school division (education), a public service authority (water & sewer), and a solid waste authority (refuse & disposal). Each organization is a component unit or blended component unit within the County's financial statements.

The Board of Supervisors adopts an initial budget for the fiscal year no later than May 1 preceding the beginning of the fiscal year on July 1, unless events beyond the Board's control preclude such action. This annual budget serves as the foundation for the Rockbridge County's financial planning and control. The budget is prepared by fund, function, department, and object class. Department heads may request to transfer resources within a department to meet changing program needs during a fiscal cycle. Transfers between departments, however, are coordinated between the County Administrator, Fiscal Services Director and Board representatives of the Finance Committee.

Local Economy

The County of Rockbridge is a rural locality in the Shenandoah Valley, at the heart of a major transportation network with direct access to air, rail, and highway transportation. The County's geographic position in the west-central portion of Virginia is within a one-day drive of half the population of the United States. Rockbridge County is approximately 45 miles north of Roanoke, VA; 140 miles west of Richmond, VA; and 190 miles southwest of Washington, D.C. Distances to multi-state markets for area industries are Baltimore, MD – 210 miles; Greensboro, NC – 145 miles; New York, NY – 460 miles; Cincinnati, OH – 460 miles; and Atlanta, GA – 440 miles.

Unemployment in the County of Rockbridge has been steadily decreasing since it hit a high of 8.7 percent in February 2010, and typically staying just slightly above the average of the Commonwealth of Virginia. In June of 2019, the unemployment rate for the County of Rockbridge was 2.9 percent and the Commonwealth of Virginia was at 2.9 percent, while the Nation was at 3.7 percent. A slight downward trend continued through September 2019 with the County of Rockbridge unemployment rate at 2.4 percent, the Commonwealth of Virginia at 2.7 percent, and the U.S. at 3.5 percent. Based on economic forecasts, subsequent employment rates are anticipated to remain positive.

Median household incomes within Rockbridge County are typically lower than the state as a whole. In 2017 dollars, the median household income in Rockbridge County was \$53,918. In the Commonwealth of Virginia, the median household income equaled \$71,518 in 2017 dollars. The Commonwealth of Virginia's population was 7,928,779 in 2009 and 8,517,685 in 2018. Rockbridge County's population was 22,498 in 2009, and 22,539 in 2018. Housing prices in the vicinity of Rockbridge County steadily increased beginning in 2005 until the Great Recession hit a few years later. Through October 2019, the average home sale price was approximately \$208,100 in Rockbridge County while the median listing price equaled \$317,500.

Rockbridge County has a diverse economy from manufacturing and trucking businesses to retail shops and tourism. Over the past ten plus years, the County's economy has been relatively stable compared to Virginia as a whole. None of its top employers have closed or experienced significant layoffs.

In the fiscal year ending June 30, 2019, there were 515 building permits issued in Rockbridge County totaling \$44,422,007. This figure is a \$7,259,246 increase from FYE 2018. Notable developments in FYE 2019 included: 1) Kendall at Lexington, a continuing care retirement community, began construction on 30 new cottages at \$15M+; 2) Rockbridge County residents initiated the construction of 46 new, single family dwellings at \$12.4M+ (avg. = \$270K+); 3) Carillion Clinic, a not-for-profit health care organization, built a new clinic/fitness center facility at nearly \$1.5M; 4) Stella-Jones, North America's leading producer of industrial, pressure-treated wood products, began a maintenance room expansion at \$485K; 5) Cell tower rebuilds and upgrades totaled \$457K; and 6) Rockbridge County Public Service Authority invested \$414K to improve water infrastructure (water pump purchase). Stable development, access to major interstates and highways, a vast array of outdoor recreation, and historical tourist sites, as well as the proximity to four higher education institutes, makes Rockbridge County a prime location for business and travel.

The top five industries by employment in Rockbridge County are retail trade (1,277 reported), manufacturing (932 reported), local government (886 reported), accommodations and food services (721 reported), and construction (558 reported). Employment in the construction industry realized the greatest increase, while manufacturing, local government, health care, and social assistance saw a slight increase. Conversely, retail trade, accommodations, and food service areas were down marginally. The top five average weekly wages were in the following industries: federal government (\$1,002), construction (\$987), finance and insurance (\$918), transportation and warehousing (\$855), and local government (\$806).

Public School System

The Rockbridge County Public School (RCPS) system currently serves approximately 2,700 students in kindergarten through 12th grade. RCPS operates four elementary schools for kindergarten through fifth grade, one middle school for grades six through eight, and one high school (shared with the City of Lexington) for grades nine through twelve. All of the County schools, with the exception of our high school and the Floyd S. Kay Technical Education Center (VoTech Center), have been completely renovated within the past 19 years. As the oldest school facilities in the system, the high school and VoTech Center received \$5,236,000 in upgrades to lighting, water, building envelope, and HVAC systems along with boiler and pump replacements in preparation for academic year 2018-2019. These two facilities are expected to continue receiving the highest priority for capital improvements in future years. All schools are accredited by the State Department of Education.

RCPS serves a diverse student population and takes pride in meeting the educational needs of all students. Our teachers strive to include pedagogical strategies that transform teacher-centered traditional classrooms into more student-centered, highly engaging, deeper learning settings for all students. Because many of our students will someday be employed in careers that have yet to be invented, we connect students to real-world problems with an overarching emphasis on communication, collaboration, creative thinking, critical thinking, and civic-mindedness. When these skills are taught in tandem with maintaining high expectations and delivering content-rich curricula in a rigorous academic and Career & Technical Education (CTE) program, students will be better prepared for life in the 21st-century world beyond high school graduation.

To this end, RCPS continues a transformation of CTE offerings at both the middle school (four programs) and high school level (eighteen programs) to 21st-century programs. RCPS's goal is

for interested students to begin their CTE educational experience at the middle school so they may earn industry certifications earlier during their high school career. These early certifications will, in turn, lead to internship and work-based learning opportunities prior to high school graduation, creating a more prepared workforce for business and industry. Rigorous academic expectations are a standard of RCPS. In the Spring of 2019, 89.8% of the 118 RCPS students who took an AP exam scored a three or higher. Comparing this level of success to the Virginia average of 64.3% meeting this same standard, we are proud to say that RCPS always puts learning first for our students.

Higher Education

Within the Rockbridge County boundaries lie a unique set of higher education campuses offering various degrees. Washington and Lee, a private liberal arts university, ranks as the ninth oldest institution of higher learning in the nation and second oldest in the Commonwealth of Virginia (1749). The Virginia Military Institute is the first state-supported military college in the United States (1839) and is consistently ranked high as one of the best public colleges in the nation. Southern Virginia University is a private, 4-year liberal arts college tracing its founding to 1867. The Dabney S. Lancaster Community College - Rockbridge Regional Center accommodates a diversity of day and night courses to support the pursuit of associate degrees, certification programs, and workforce training. More than a dozen additional two- and four-year institutions of higher education are within 140 miles of Rockbridge County's borders.

Long-term financial planning and major initiatives

The County of Rockbridge has a responsibility to its citizens to account for public funds, to manage its finances wisely, and to allocate its resources efficiently and effectively in order to provide the governmental services desired by the public. The primary objective of establishing financial management policies is to provide a framework wherein sound financial decisions may be made for the long-term development and stability of the County. The Board of Supervisors adopted a comprehensive set of financial policies on July 14, 2014 to include: Operating Budget, Capital Budget, Asset Maintenance and Replacement, Financial Reporting, Debt, and Fund Balance/Reserves.

On January 26, 2015, the Board of Supervisors updated their strategic priorities. The targeted changes will drive planning efforts and future funding decisions. The approved strategic priorities remain unchanged in 2017 and are listed below:

1. Continued dedication to a local solution to regional waste challenges.
2. Continued dedication to provision of Fire and EMS services which meet or exceed the expectations of the public served.
3. Proactively position the County to create and subsequently take full advantage of economic development opportunities in a nimble to responsive fashion.
4. Continued exploration of all opportunities for regional cooperation which are operationally and economically sensible and in the best interest of our citizens, with a focus on consideration of the potential to revisit major agreements such as the Annexation and Immunity Agreement with the City of Lexington.
5. Remain dedicated to ensuring the long-term viability of the County through proactive financial planning, with a focus on an ever-improving budget process.

In accordance with Section 15.2-2239 of the *Code of Virginia*, Rockbridge County prepares and annually updates a Capital Improvement Program (CIP). The CIP is intended to guide the acquisition and construction of the County's capital improvement plans by identifying needed capital projects, estimating their costs, listing the fiscal year each should begin, and determining the optimum method of funding them within our fiscal capabilities. The County of Rockbridge CIP for fiscal year ending (FYE) 2019 reflects \$1,126,861 in capital procurements. Capital improvements approved for FYE 2019 include: 1) continued efforts in constructing/upgrading three staffed collection centers - \$544,500; 2) replacing five law enforcement vehicles - \$200,000; 3) improvements to the Rockbridge County Administration Building - \$90,000; 4) renovating the Blue Ridge Recreation Area pool - \$68,000; 5) replacing the communications systems at the County Administration Building and Courthouse - \$52,000; and 8) infrastructure and facility upgrades at Lake A. Willis Robertson Recreation Area - \$24,000.

Rockbridge County led a joint effort involving the Cities of Buena Vista and Lexington, and our regional Chamber of Commerce, to apply for a USDA Rural Economic Development Innovation (REDI) initiative. In 2019, the Rockbridge area application was reviewed, scored, and selected on a competitive basis by the USDA and their partners. The REDI initiative provides free technical assistance for up to two years, helping rural towns and regions create and implement economic development plans. Area partners are teaming with the Appalachian Center for Economic Network on this regional enterprise.

A former railroad trestle bridge which connected the Chessie Trail over the South River was destroyed during Hurricane Isabel in 2003. A combination of regional funding (Rockbridge County; Cities of Buena Vista and Lexington) and Eastern Federal Land Access Program Grant dollars sourced the completion of planning and engineering efforts for a new bridge spanning the South River. The final plans for the \$1.3M project were submitted to the Commonwealth Building Official and Army Corps of Engineers for approval consideration in October 2019. If approved, bridge construction will commence by December 2019 with targeted completion in the summer of 2020. Virginia Military Institute is overseeing the management of grant funds and construction project.

In 2018, the Virginia Initiative for Growth and Opportunity (GO Virginia) approved funding for the Rockbridge Area Advanced Manufacturing Program (RAAMP) application submitted in the second round of project grants to the GO Virginia State Board. The \$200,000 needed to implement RAAMP included a mix of GO Virginia funds and matching public/private investments from the Rockbridge County Economic Development Authority, the City of Buena Vista, and Byers, Inc. RAAMP used the funding to hire one full-time instructor, one part-time instructor, purchase equipment for training, complete building modifications to increase facility capacity, and install a high-speed fiber line to serve students. To date, 33 graduates are employed by 13 different companies and one graduate is self-employed. The average annual starting salary of graduating students is \$46,179 which exceeds the GO Virginia threshold for the Central Shenandoah Planning District Commission region of \$38,833 and Region 8's average threshold of \$40,052.

New and expanding health care facilities, restaurants, and businesses all occurred in 2019. The Rockbridge Area Health Center completed a \$6.6 million expansion to its facility. The renovation of the existing building and new addition was completed in October 2019. Carilion Clinic opened a new "VelocityCare" urgent care unit and pharmacy in an 8,300 square foot facility in Raphine near the White's Travel Center. In addition, the Quaker Steak and Lube franchise broke ground on its new 5,000 square foot restaurant in Raphine. Furthermore, developer Bobby Berkstresser

will create a museum at the Raphine site which will feature a tiny car collection along with transportation-related history items. Lastly, some Rockbridge County farmers are exploring opportunities to diversify by introducing poultry house operations and industrial hemp into their agricultural base. Six poultry buildings totaling \$1.5M in estimated value were built or planned for in 2019. In addition, 11 Rockbridge County fields are registered with the Virginia Department of Agriculture and Consumer Services to grow 111 acres of industrial hemp.

Requests for two new telecommunications towers and a third replacement tower was approved in 2019. These tower efforts occurred in the Raphine, Mountain View, and Lexington areas. The projects result in providing additional coverage, improving data capacity, and giving structural improvements for an additional carrier on an improved tower. Meanwhile BARC Electric Cooperative continues to expand its high-speed internet footprint throughout Rockbridge County. On October 7th, BARC was awarded \$1M by the Appalachian Regional Commission (ARC) to assist with funding the deployment of gigabit last-mile, fiber-to-the-premise to residences and businesses in and around the greater area of Goshen. The Virginia Department of Housing and Community Development will oversee the project and ensure all criteria is met as outlined in the ARC award agreement. BARC's grant submission was selected through a competitive grant award process spanning 420 jurisdictions in 13 states.

The adopted FY 2020 budget includes a small increase in funding for the provision of Fire and EMS services in the County. The Board also approved the addition of career staffing based at the Kerrs Creek Volunteer Fire Department. In addition to Kerrs Creek, crews continue to operate 12 hours a day, 7 days a week in the village of Fairfield and Town of Glasgow. Furthermore, the Board approved funding for a volunteer incentive program, which provides \$7.50 per call response for each regular volunteer member who signs up for the program. Additionally, the program provides \$3.75 per call for standby status and \$3.50 per call for trainees who respond on calls. The gradual increases in funding for the core services of fire and EMS are expected to continue into the future, as increased pressure on volunteers' time and training requirements necessitate supplemental, paid responder programs.

The County cost-share to the Rockbridge Regional Jail facility realized another year of substantial increases in FY 2019, with an additional \$313,158 dedicated to meet increasing operational needs. The higher funding results from authorizing one, locally-funded Jail officer; projected increases in jail population, and the overall rise in operational and capital expenses. We expect this trend to continue into the future.

Relevant financial policies

The County of Rockbridge Fund Balance and Reserve Policy includes the goal to maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow to minimize the possibility of short-term revenue anticipation borrowing. At the close of each fiscal year, the County's unassigned General Fund balance should be equal to at least 20% of the County's total General Fund expenditures (i.e., General Fund expenditures plus School Fund operating expenditures less County contribution to School Division). If the County does not meet its target, it will develop a plan during the annual budget adoption process to replenish the unassigned fund balance to the 20% target level over a period of not more than three (3) years. The County's unassigned fund balance in the General Fund is 36.02% for fiscal ended June 30, 2019.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Rockbridge for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the fifth year that the County of Rockbridge has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated service and strong commitment of the entire staffs of the Fiscal Services Department and the Office of the Treasurer. We also wish to thank all government departments for their assistance in providing the data necessary to prepare this report. In addition, credit is due to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Rockbridge County's finances.

Respectfully submitted,



Spencer H. Suter, County Administrator



Steven J. Bolster, Fiscal Services Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

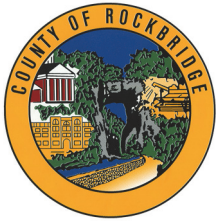
**County of Rockbridge
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

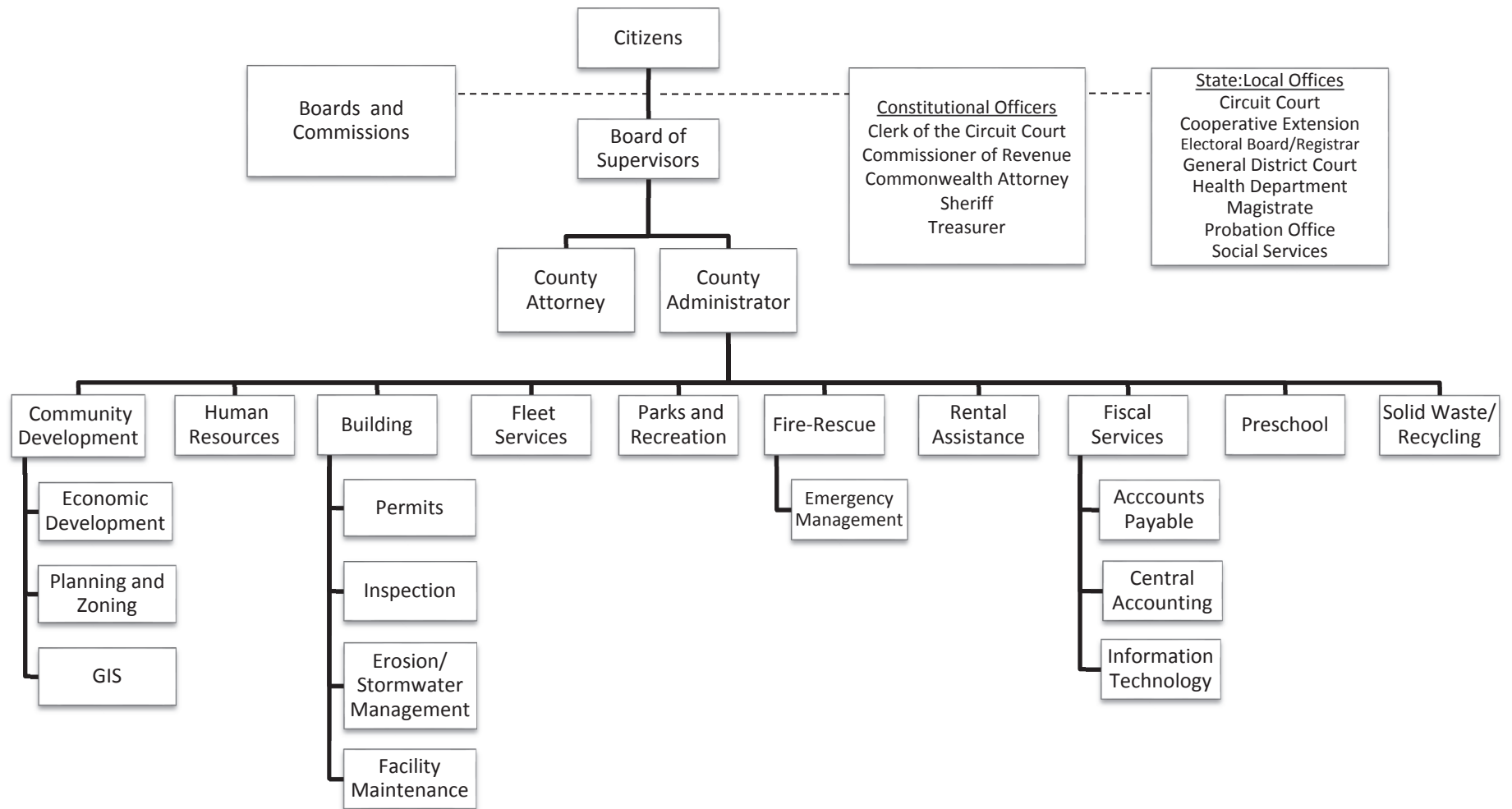
June 30, 2018

Christopher P. Morrell

Executive Director/CEO



County of Rockbridge



COUNTY OF ROCKBRIDGE, VA

BOARD OF SUPERVISORS

Albert “Jay” Lewis II, Chairman
Daniel E. Lyons, Vice-Chairman
R. W. Day
John M. Higgins
David W. Hinty, Jr.

ROCKBRIDGE COUNTY APPOINTED OFFICIALS

County Administrator.....Spencer H. Suter
County Attorney.....Vickie L. Huffman

COUNTY SCHOOL BOARD

Wendy W. Lovell, Chairman
Heather C. Hostetter, Vice-Chairman
Corey W. Berkstresser
David B. McDaniel
Neil D. Whitmore

SCHOOL DIVISION APPOINTED OFFICIALS

Superintendent of Schools.....Dr. Phillip Thompson
Clerk of the School Board.....Rhonda Humphries

LEGISLATIVE ELECTION

Judge of the Circuit Court.....Honorable Anita D. Filson
Judge of the General District Court.....Honorable William H. Cleaveland
Judge of the Juvenile & Domestic District Court.....Honorable Linda S. Jones

CONSTITUTIONAL OFFICERS

Clerk of the Circuit Court.....Michelle M. Trout
Commonwealth’s Attorney.....Jared Moon
Commissioner of the Revenue.....David C. Whitesell
Sheriff.....Christopher J. Blalock
Treasurer.....Betty S. Trovato

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF ROCKBRIDGE, VIRGINIA**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* and early implemented GASB No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-15, 101, 102-118, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Rockbridge, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements.

Supplementary and Other Information (Continued)

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the County of Rockbridge, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Rockbridge, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Rockbridge, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 13, 2019

Management's Discussion and Analysis

As management of the County of Rockbridge, Virginia, we offer the readers of the County's financial statements this narrative. The narrative provides an overview and analysis of our financial activities for the fiscal year ending June 30, 2019.

Financial Highlights

Government-wide Financial Statements

The combined total assets of the County of Rockbridge, Virginia exceeded its liabilities by \$39,329,407 (net position) at the close of the most recent fiscal year. Of the total net position, \$37,203,018 is associated with governmental activities and \$2,126,389 is associated with business-type activities. Of the governmental activities net position, \$25,112,495 may be used to meet the government's ongoing obligations to creditors and citizens. There is \$193,246 presented under governmental activities which are restricted to ensure the availability of funds for specific functions, programs and anticipated liabilities (ex., \$4 for Life expenditures, the annual pass-through funding to USDA for Virginia Horse Center debt, and fire service program expenses). These restricted accounts are also displayed on the Balance Sheet of Government Funds. For the year ending June 30, 2019, the governmental activities' assets include \$10,841,128 in taxes receivable while \$9,590,582 is reflected as deferred inflows of resources for property taxes. This is shown as part of compliance with GASB requirements. The \$10,841,128 in taxes receivable are booked in the first half of calendar year 2019, but because of twice-a-year tax billing, second half real estate taxes of \$9,950,582 are not due until December 2019, and are shown as a deferred revenue. When compared to the net position at year's end June 30, 2018, the total combined net position decreased by \$1,200,198 (down 3.00%). The business-type activities net position is down \$563,522 compared to FY 2018. The primary reason for the change in net position involves the non-operating expense of \$829,969 attributable to the landfill closure/post-closure liability. As a result, the unrestricted net position deficit increased by \$808,794 to \$1,703,291.

Fund Financial Statements

As of the close of the fiscal year June 30, 2019, the County's governmental funds reported a combined ending fund balance of \$28,230,471. This is a decrease of \$527,695 (down 1.83%) as compared with the previous fiscal year. The decrease in total fund balance is associated with the completion of energy-efficiency projects at the School Division's elementary, high school and vocational training facilities in FY 2019. The School Capital Project Fund realized a reduction of \$1,281,931 in fund balance as result of completing these capital improvements. The total unassigned fund balances are reported as \$23,087,925, or 81.78%, and are available to meet the County's fund balance policy, unanticipated budget requests, costs to manage local emergencies and/or disasters, capital improvement projects, and the government's discretionary spending.

At the fiscal year end, unassigned fund balance for the General Fund was \$23,087,925 or 36.02% of total General Fund expenditures. This is a 13.82-point decrease in fund balance to expenditure ratio compared to year ending June 30, 2018, but well within the County's fund balance policy, which requires a 20% unassigned fund balance to expenditures ratio.

The County Capital Project Fund was established in FY 2016 to proactively establish dedicated fund sources for capital improvement plan (CIP) projects. This category includes: 1) new construction and major upgrades to County facilities; and 2) procurement of vehicle and major equipment replacement activities. Notable FY 2019 budgeted facility projects involved the following: 1) construct and relocate recycling and refuse collection centers (\$752,481); 2) county administration building upgrade projects (\$169,565); 3) Parks and Recreation campground and recreation facility improvement projects (\$102,229); 4) Rockbridge County Courthouse HVAC efficiency-improvement project (\$52,745); and 5) Fire-Rescue storage building (\$8,500). Vehicle and equipment replacement efforts involved: 1) Sheriff Office vehicles (\$166,133); 2) Fire-Rescue Department vehicle (\$57,890); 3) Building Inspection Department vehicle (\$27,642); 4) Parks and Recreation Department commercial-grade mower (\$6,225); and 5) Fleet Services Department tire-balancing machine (\$5,995). The FY 2019 fund balance reflects \$1,433,547 to source ongoing and future CIP projects.

The School Capital Projects Fund ended fiscal year 2019 with a fund balance of \$1,703, down \$1,281,931 (99.99%) compared to last fiscal year. The previous balance sourced the FY 2019 energy-efficiency improvements to four elementary schools, one middle school, and the joint high school and vocational-technical facility as coordinated by the Board of Supervisors and School Board.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Local government accounting and financial reporting originally focused on funds that were designed to enhance and demonstrate fiscal accountability. Now, and in accordance with GASB 34, fund statements are accompanied by government-wide financial statements, to ensure objectives of operational accountability will also be met. These objectives will provide financial statement users with confirmation from the government that public monies have been used to comply with public decisions, and to confirm that operating objectives were met efficiently and effectively and can be met in the future.

Government-wide Financial Statements

Government-wide financial statements provide users with a general overview of County finances. The statements include all assets and liabilities using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net position and 2) the statement of activities.

The *statement of net position* presents all of the County's permanent account assets, liabilities and net position. The difference between assets and liabilities is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors such as changes in restricted accounts will also need to be considered to determine the overall financial position of the County.

The *statement of activities* presents information showing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions that are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government, revenues are generated for the express purpose of providing services rather than as an end in themselves.

The *government-wide financial statements* separate *governmental activities* and *business-type activities* of the County. *Governmental activities* are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; community development; and transfers to other funds. *Business-type activities* recover all or a significant portion of their costs through user fees and charges. The County shows the Blue Ridge Resource Authority (BRRA) as a business-type activity.

The *government-wide financial statements* include, in addition to the primary government, four component units: 1) the Rockbridge County School Board, 2) the Rockbridge Area Social Services Board, 3) the Rockbridge Regional Jail Commission, and 4) the Rockbridge County Public Service Authority. Although the component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures, and/or provide significant funding for operations of the component unit.

Fund Financial Statements

The *fund financial statements* present only major or significant funds. A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

Proprietary funds

There are two types of proprietary funds: *enterprise funds*, which are established to account for the delivery of goods and services to the public and *internal service funds* that account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use accrual basis accounting, similar to private sector business.

The Blue Ridge Authority is a blended component unit/business-type activity of the County of Rockbridge. The Authority's financial statements are shown as a proprietary/enterprise fund in the County's fund financial statements. The Authority owns the only permitted landfill site within the County of Rockbridge. The Authority has a separate annual financial report that provides more financial details.

Fiduciary funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities.

Notes to the financial statements

These notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Net Position

As noted, net position may serve as a useful indicator of a government's financial position. For the County of Rockbridge, combined total assets exceeded liabilities by \$39,329,407 at the end of the fiscal year.

The County's net position is divided into three categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. A comparative analysis has been provided below.

COUNTY OF ROCKBRIDGE'S NET POSITION						
June 30, 2019						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 40,692,823	\$ 41,751,370	\$ 6,649,143	\$ 6,973,973	\$ 47,341,966	\$ 48,725,343
Capital Assets	68,201,478	71,740,055	8,475,448	8,714,108	76,676,926	80,454,163
Total Assets	\$ 108,894,301	\$ 113,491,425	\$ 15,124,591	\$ 15,688,081	\$ 124,018,892	\$ 129,179,506
Deferred Outflows of Resources	\$ 2,012,632	\$ 1,971,628	\$ 51,970	\$ 48,922	\$ 2,064,602	\$ 2,020,550
Long-term liabilities	\$ 61,263,652	\$ 64,406,617	\$ 12,198,802	\$ 12,558,426	\$ 73,462,454	\$ 76,965,043
Other liabilities	2,314,765	3,251,514	820,599	441,845	3,135,364	3,693,359
Total liabilities	\$ 63,578,417	\$ 67,658,131	\$ 13,019,401	\$ 13,000,271	\$ 76,597,818	\$ 80,658,402
Deferred Inflows of Resources	\$ 10,125,498	\$ 9,965,228	\$ 30,771	\$ 46,821	\$ 10,156,269	\$ 10,012,049
Net Position:						
Net investment in capital assets	\$ 11,897,277	\$ 12,425,263	\$ 3,005,550	\$ 2,579,553	\$ 14,902,827	\$ 15,004,816
Unrestricted (deficit)	25,112,495	25,139,551	(1,703,291)	(894,497)	23,409,204	24,245,054
Restricted	193,246	274,880	824,130	1,004,855	1,017,376	1,279,735
Total net position	\$ 37,203,018	\$ 37,839,694	\$ 2,126,389	\$ 2,689,911	\$ 39,329,407	\$ 40,529,605

Governmental Activities

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related outstanding debt used to acquire those assets is \$11,897,277 which represents 31.99% of total net position. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It is also of note that a portion of the capital assets is used to encourage economic development and in turn may produce future revenue for operations in either fees or sale of property.

During the year ending June 30, 2019, total governmental liabilities decreased by \$4,060,584. This reflects a combination of long-term liabilities due in more than one year dropping \$3,411,733 while accounts payables decreased \$877,515. The County did not execute any new financings in FY 2019.

The restricted net position represents resources that are subject to external or internal restrictions based on how the specific funds may be used. The restricted net position for fiscal year 2019 included assets restricted by external constraints. In fiscal year 2019, staff continued to use restricted accounts to identify and manage state funds for the local fire service programs, the \$4 for Life program (rescue), and the rental assistance office. This reflects a \$193,246 balance in restricted net position.

The unrestricted net position is \$25,112,495, representing 67.50% of total net position, can be used to meet the government's ongoing obligations to citizens and creditors. At the end of the fiscal year, the County's governmental activities realized decreases in all three categories of combined total net position. These changes in net position include a decrease in net investment in capital assets of \$527,986; restricted assets were lower by \$81,634, and unrestricted assets were lower by \$27,056. For the year ending June 30, 2019, the governmental activity total net position decreased by \$636,676 from last fiscal year.

Business-type Activities

As identified earlier in the highlights of the government-wide financial statements, the business-type activities/enterprise fund (landfill) net position decreased by \$563,522. This results from the upward adjustment in the closure/post-closure liability discussed in paragraph one.

Changes in Net Position

The following table presents the revenues and expenses of the governmental and business-type activities. Following the table is a brief highlight and discussion on key elements of Rockbridge County's change in net position.

COUNTY OF ROCKBRIDGE'S CHANGES IN NET POSITION						
June 30, 2019						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,928,101	\$ 2,397,047	\$ 2,360,386	2,108,888	\$ 4,288,487	\$ 4,505,935
Operating grants	2,766,029	2,525,993	-	21,966	2,766,029	2,547,959
Capital grants	398,342	38,569	-	-	398,342	38,569
General Revenues:						
Property taxes	26,812,001	26,107,887	-	-	26,812,001	26,107,887
Other taxes	9,346,038	9,084,201	-	-	9,346,038	9,084,201
Use of money and property	474,123	253,575	111,965	63,798	586,088	317,373
Other Grants and contributions not restricted to specific programs	1,236,036	1,216,150	21,087	13,587	1,257,123	1,229,737
	<u>2,833,135</u>	<u>2,764,409</u>	<u>-</u>	<u>-</u>	<u>2,833,135</u>	<u>2,764,409</u>
Total Revenues	\$ <u>45,793,805</u>	\$ <u>44,387,831</u>	\$ <u>2,493,438</u>	\$ <u>2,208,239</u>	\$ <u>48,287,243</u>	\$ <u>46,596,070</u>
Expenses:						
General						
General Govt. Admin	\$ 2,732,902	\$ 2,921,147	\$ -	\$ -	\$ 2,732,902	\$ 2,921,147
Judicial administration	1,571,211	1,498,614	-	-	1,571,211	1,498,614
Public safety	9,924,693	9,210,516	-	-	9,924,693	9,210,516
Public works	3,229,210	3,508,528	3,046,258	4,942,934	6,275,468	8,451,462
Health and welfare	1,822,361	1,723,940	-	-	1,822,361	1,723,940
Education	18,406,357	16,750,090	-	-	18,406,357	16,750,090
Parks, recreation, and culture	1,421,876	1,502,900	-	-	1,421,876	1,502,900
Community development	3,265,388	3,106,501	-	-	3,265,388	3,106,501
Non-departmental	1,913,840	1,856,695	-	-	1,913,840	1,856,695
Interest on long-term debt	2,153,345	2,207,499	-	-	2,153,345	2,207,499
Total expenses	\$ <u>46,441,183</u>	\$ <u>44,286,430</u>	\$ <u>3,046,258</u>	\$ <u>4,942,934</u>	\$ <u>49,487,441</u>	\$ <u>49,229,364</u>
Increase (decrease) in net position before transfers	\$ (647,378)	\$ 101,401	\$ (552,820)	\$ (2,734,695)	\$ (1,200,198)	\$ (2,633,294)
Transfers	<u>10,702</u>	<u>28,204</u>	<u>(10,702)</u>	<u>(28,204)</u>	<u>-</u>	<u>-</u>
Increase (decrease) net position	\$ (636,676)	\$ 129,605	\$ (563,522)	\$ (2,762,899)	\$ (1,200,198)	\$ (2,633,294)
Net position - beginning	<u>37,839,694</u>	<u>37,710,089</u>	<u>2,689,911</u>	<u>5,452,810</u>	<u>40,529,605</u>	<u>43,162,899</u>
Net position - ending	\$ <u><u>37,203,018</u></u>	\$ <u><u>37,839,694</u></u>	\$ <u><u>2,126,389</u></u>	\$ <u><u>2,689,911</u></u>	\$ <u><u>39,329,407</u></u>	\$ <u><u>40,529,605</u></u>

Governmental Activities

Governmental activities decreased the County's net position by \$636,676. Key elements relating to FY 2019 activities compared to the prior fiscal year will be discussed below.

Total revenues increased by \$1,405,974 (up 3.17%). The following table provides a breakdown on the various revenues sources as of June 30, 2019.

Type	Overall total %
1. Property taxes (\$26,812,001)	58.55%
2. Other local taxes (\$9,346,038)	20.41%
3. Operating and capital grants (\$3,164,371)	6.91%
4. Non-restricted grants and contributions (\$2,833,135)	6.19%
5. Charges for services (\$1,928,101)	4.21%
6. Other general revenues (\$1,236,036)	2.70%
7. Use of money and property (\$474,123)	1.03%

Component changes from FY 2018 to FY 2019 include:

- The largest source of revenues is property taxes. Property tax collections rose by \$704,114 (up 2.70%). Real property, public service corporation, personal property, and machinery and tools taxes increased as a result of a higher real estate tax rate in 2019 (\$0.70 to \$0.73 per \$100 of assessed value), and growth in the assessed values and/or collection levels.
- Other local taxes increased by \$261,837 (up 2.88%). Sales, meals, lodging, business license, and bank franchise revenues generally reflect a positive trend in receipts collected, while recordation, motor vehicle decal, and utility receipts were lower when compared to FY 2018 levels.
- Non-restricted grants or contributions increased by \$68,726 (up 2.49%). These receipts are linked to state-shared revenues for rolling stock, mobile home sales, timber sales, motor vehicle rentals, and state recordation fees.
- Operating and capital grants rose by \$240,036 (up 9.50%). This typically reflects federal and state funding for the rental assistance, fire services, emergency management, soil and water conservation, and victim-witness programs. In FY 2019, the primary driver is the funding received from the Commonwealth's Department of Housing and Community Development which sourced Phase 2 of the Greenhouse Village subdivision infrastructure project (\$330,408).
- Charges for services decreased by \$468,946 (down 19.56%) due to lower activities associated with the following area: formerly the County charged business and industry for tipping fees initially subsidized by the locality. In February 2018, the Blue Ridge Resource Authority (landfill) began charging these organizations directly resulting in a drop in this category of revenue.
- Other general revenues were higher by \$19,886 resulting from miscellaneous collections (sale of supplies, patron refunds/rebates, and delinquent real estate sales) coming in greater than forecasted.
- Use of money and property rose by \$220,548. A combination of ongoing income from County property rentals and effective investment methodology by the Treasurer contributed to the revenue increase.

The following table reflects the distribution of FY 2019 governmental expenditures. Overall expenses increased by \$2,154,753 (up 4.87%) over the same period in FY 2018. For the year, the Board of Supervisors' expenditure priorities were to maintain improvements in education, public safety, public works, health and welfare, and economic development. In addition, the Board approved a 2% cost-of-living adjustment effective July 1, 2018, with a goal of retaining and attracting a quality workforce via competitive compensation. As shown, education expenses account for 39.63% of total expenses. When combined with public safety, public works, community development, and general government administration, expenditures for these five categories are approximately 81% of the \$46,441,183 in total expenses.

Type	Overall total %
1. Education (\$18,406,357)	39.63%
2. Public Safety (\$9,924,693)	21.37%
3. Community Development (\$3,265,388)	7.03%
4. Public Works (\$3,229,210)	6.95%
5. General Government Administration (\$2,732,902)	5.89%
6. Long-term debt interest (\$2,153,345)	4.64%
7. Non-departmental (\$1,913,840)	4.12%
8. Health and Welfare (\$1,822,361)	3.92%
9. Judicial Administration (\$1,571,211)	3.39%
10. Parks, Recreation, and Cultural (\$1,421,876)	3.06%

Component changes from FY 2018 to FY 2019 include:

- Education expenses increased by \$1,656,267 (up 9.89%). Nearly \$1,282,000 in School Capital Projects Fund reserves sourced the completion of energy-efficiency projects for several School Division facilities. In addition, the transfer to the School Fund for debt service increased by over \$245,500. Lastly, the Board of Supervisors and School Board approved the use of approximately \$120,000 of school carryover funding to source additional capital improvement projects.
- Public Safety reflects an increase of \$714,177 (up 7.75%). The FY 2019 budget included a 2% cost-of-living increase for County employees. A journal entry to capture the County's FY 2019 cost-share for Lexington City's fire-rescue services into Rockbridge County resulted in a \$420,764 increase of fire-rescue expenditures. The County's cost-share for the Rockbridge Regional Jail rose by \$308,642 compared to FY 2018. This increase is based on trends in revenue funding levels and operational expenses attributable to the number of incarcerated County citizens.
- Community Development increased by \$158,887 (up 5.11%). In June 2018, the Board approved funding the Virginia Horse Center (VHC) debt-service reserve fund through a mechanism that front loads the estimated occupancy taxes for the fiscal year during July and January. As a result, an additional \$601,199 in expenditures were incurred. Rockbridge County received a community development grant totaling \$476,693. During FY 2019, the County expended \$313,313 in grant reimbursement dollars. The County also contributed \$210,641 to the Public Service Authority (PSA) for the debt-service payments on the Route 60 East infrastructure financing.
- Public Works decreased by \$279,318 (down 7.96%). This category pays the County's cost-share for the landfill operation. The Blue Ridge Resource Authority (Landfill Fund) began billing business and industry directly starting in February 2018. As a result, the County is only paying for tipping fees on residential and municipal waste hauled to the landfill and realized lower expenditures than FY 2018.
- General government administration decreased by \$188,245 (down 6.44%). The decrease is attributable to the personnel turnover experienced in both the Treasurer and Commissioner of the Revenue offices along with the combined budget savings realized amongst the eleven departments accounted for in this function.
- Long-term debt interest payments are down \$54,154 (down 2.45%) based on debt payment schedules.
- Non-departmental was up \$57,145 (up 3.08%) resulting from an increase in the Modified Voluntary Settlement of Annexation and Immunity payment from Rockbridge County to Lexington City.
- Health and Welfare reflects an increase of \$98,421 (up 5.71%) primarily because the County's cost-share funding for the Comprehensive Services Act program exceeded anticipated levels.
- Judicial Administration increased by \$72,597 (up 4.84%), reflecting the Clerk of the Circuit Court and Commonwealth's Attorney Offices earning the state Compensation Board's approval to authorize and partially fund new positions in order to meet evidenced workload demands.
- Parks, Recreation and Cultural decreased by \$81,024 (down 5.39%) due in part to a decrease in the County's cost-share for the Rockbridge Area Recreational Organization (-\$38,239) and budget savings in the Preschool Program (-\$12,941) due to personnel changes during FY 2019.

Business-type Activities

The business-type activities/enterprise fund (Landfill Fund) total net position decreased by \$563,522. The new, lined landfill cell began operations on July 1, 2017. During FY 2019, there were no further capital projects involved with the lateral landfill expansion effort. As highlighted earlier in the MD&A and later below, non-operating expenses linked to the landfill closure and post-closure liability is the primary driver for this reduction in comparison to FY 2018. Additional details on the impact associated with FY 2019 revenues, expenses, capital, and long-term liabilities are below.

In April 2019, the Authority adopted the FY 2020 master fee table. The tipping fees include: members (Rockbridge County and Lexington City) at \$51.00; member jurisdiction commercial at \$53.00; municipal customer at \$63.75; and non-jurisdictional commercial at \$66.25. Tipping fee operating revenues for FY 2019 increased by \$251,498 (up 11.93%) resulting from higher overall tonnage collected. Greater non-operational revenue involved increases to investment income (up \$48,167).

Operational expenses reflect an increase of \$541,731 compared to FY 2018. The three primary drivers are: 1) contractual services (+\$365,725); 2) depreciation (+\$161,281); and 3) personnel services (+\$18,409). These individual categories grew due to the following respective factors: 1) unanticipated costs to mitigate the Maury Service Authority emergency measure to decline the receipt of leachate over several weeks required the BRRA to find alternate sites (with increased rates) and haulers to deliver leachate; 2) depreciating heavy-duty equipment purchased prior to FY 2019, 3) increase in staff compensation, to include the reclassification of two leadership positions. Non-operating expenses of \$1,026,666 included the landfill closure/post-closure liability (down \$2,526,173 because on the \$3,355,859 correction in FY 2018); interest expense (up \$64,953), and the recording of loss on disposal of property (\$22,540). The combination of operational and non-operational transactions reflects a net decrease of \$1,896,676 in expenses. The BRRA ended FY 2019 with an operating income of \$361,881 (down \$282,733).

Financial Analysis of the Government's Funds

As previously mentioned, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of financial resources. Such information is useful in assessing the County's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the County's total governmental funds reported combined ending fund balances of \$28,230,471, a decrease of \$527,695 over the prior fiscal year (down 1.83%). As noted earlier in the government-wide financial highlights, the change in total government fund balance is linked to the completion of an energy-efficiency improvement project to the School Division elementary, high school, and vocational/technical training facilities as accounted for in the School Capital Projects Fund.

The General Fund is the primary operating fund of the County. As of June 30, 2019, unassigned fund balance of the General Fund was \$23,087,925. This is an increase in unassigned fund balance of \$1,266,758 (up 4.90%) compared with the previous fiscal year. The total fund balance of the General Fund is \$26,795,221. This is an increase over the previous year of \$933,660 (up 3.61%). General Fund revenues exceeded expenditures by \$1,499,849 in FY 2019. Factors contributing to the additional revenues includes the following: 1) the Board approved a three cent increase to the real estate levy which generated approximately \$381,000 in additional collections for the June 2019 billing cycle; 2) other local revenues grew by \$472,774 reflecting positive growth in sales and use, business licenses, bank franchises, occupancy, permitting, use of money, and recovered costs receipts; 3) revenue from the Commonwealth of Virginia increased by \$396,388 which is indicative of the Compensation Board funding additional positions in the Clerk of the Circuit Court and Commonwealth's Attorney offices along with additional grant funding for school resource officers, economic development, fire-rescue, and rental assistance programs; and 5) federal funding is up \$272,147, primarily from grant dollars supporting the Greenhouse Village Phase 2 project.

As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures (General Fund and School Operating Fund = "General Fund"). Unassigned fund balance represents 36.02% of total "General Fund" expenditures which deducts the local transfer to the School Board component unit of \$14,192,774 for operational support. The Board of Supervisors financial policy is to maintain a minimum of 20% unassigned fund balance to expenditures ratio. Total fund balance represents 40.34% of total General Fund expenditures.

The County Capital Projects Fund reflects the accounting for the Construction Projects and Capital Purchases Funds, both of which align with our 5-year CIP. The net change in fund balance, down \$179,424, results from the use of reserves to source projects identified earlier in the fund financial statement highlights. In addition, the School Capital Projects Fund is down \$1,281,931 compared to FY 2018. During FY 2019, the Board of Supervisors teamed with the School Board to source School Division facility improvements from reserves.

Proprietary funds

The County's proprietary fund statements (Landfill Fund) provide the same type of information found in the government-wide financial statements, but in more detail.

The BRRA owns, maintains, and operates a permitted landfill. The previously active, unlined landfill cell was limited to construction and debris fill on December 31, 2017 in accordance with the VA DEQ approval of the landfill's second extension request. Based on previously-agreed to terms and conditions, the Authority submitted the required engineering documents to the VA DEQ that permitted the unlined facility to remain open until June 30, 2018. Part of the fund balance will be used to meet landfill closure requirements of the VA DEQ. The funds associated with sourcing these obligations are restricted. Factors concerning the finances of this fund were discussed in the government-wide financial statements summary section and the changes in net position narrative for business-type activities. The Landfill Fund net position decreased \$563,522 compared to FY 2018. This reflects a combination of an increase to the closure/post-closure liability, up \$485,832, and a reduced operational income of \$282,733. Additional information is provided in a separate BRRA financial report.

General Fund Budgetary Highlights

The difference between the originally budgeted appropriations and the final, amended-budget appropriations was a \$2,135,349 increase. This is 4.89% of the total original budget. The actual expenditures were \$998,467 below the final appropriation total. This total is 2.18% below the final budget. The major components of these appropriation changes are:

- The Board appropriated \$755,000 from unassigned reserves to support cash-flow shortfalls in the Comprehensive Services Act program. The County's cost-share to provide support to high-risk youth also contributed to the request for additional local funding.
- The Board of Supervisors authorized the appropriation of \$507,600 to source a new pass-through, funding mechanism (approved in June 2018) of the County's occupancy tax for the VHC. The Board authorized funding the VHC debt-service reserve fund through the process of front loading the estimated occupancy taxes for the fiscal year during July and January. This USDA-sanctioned method is now part of the budget cycle, beginning in FY 2020. An annual reconciliation is completed in July to reconcile the prior year's estimated pass-through amount with actual receipts realized during the fiscal year.
- The County received a \$476,693 Community Development Block Grant from the Virginia Department of Housing and Community Development in FY 2018. The grant funding supports Phase 2 of the Greenhouse Village Development which includes constructing residential sites, streets, driveways, utility infrastructure, landscaping, and walking trails. The Board appropriated \$435,063 in carryover funding to source continued work on the project.
- The Board appropriated \$209,696 in unassigned reserves to source the County's cost-share for the Rockbridge Regional Jail. Higher prisoner days drove operational expenses above the adopted budget. This scenario, combined with a greater percentage of County prisoners, contributed to this fund action.
- The Board approved \$111,416 in unassigned reserves to fund three, one-time tax refunds linked to real estate and machinery and tools taxes.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2019 was \$68,201,478 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, and machinery and equipment. This is a decrease of \$3,538,577 from the previous fiscal year, or -4.93%. The primary change in capital assets is the result of completing construction projects in FY 2019, particularly the School Division's energy-efficiency efforts. Construction in progress dropped \$5,523,208 while the building and systems category is up \$2,059,517. Machinery and equipment is down \$45,293 compared to 2018.

The County's investment in capital assets for its proprietary funds is \$8,475,448, a decrease of \$238,660 (down 2.74%) from the previous year. In FY 2019, the primary change in total capital assets is the result of depreciation.

COUNTY OF ROCKBRIDGE'S CAPITAL ASSETS						
Net of Depreciation						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,790,211	\$ 1,790,211	\$ 531,037	\$ 531,037	\$ 2,321,248	\$ 2,321,248
Buildings and systems	65,331,175	63,301,251	6,793,003	6,993,490	72,124,178	70,294,741
Machinery & equipment	1,020,911	1,066,204	1,151,408	1,189,581	2,172,319	2,255,785
Construction in progress	59,181	5,582,389	-	-	59,181	5,582,389
Total	\$ 68,201,478	\$ 71,740,055	\$ 8,475,448	\$ 8,714,108	\$ 76,676,926	\$ 80,454,163

Additional information on the County's capital assets can be found in the Note 16 to the financial statements.

Long-term debt

At the end of fiscal year 2019, the County had the following outstanding debt:

COUNTY OF ROCKBRIDGE'S LONG-TERM OBLIGATIONS						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 35,991,654	\$ 38,210,078	\$ -	\$ -	\$ 35,991,654	\$ 38,210,078
Revenue bonds	16,005,000	16,440,000	5,902,133	6,532,992	21,907,133	22,972,992
Literary loans	540,000	715,000	-	-	540,000	715,000
Capital leases	4,984,644	5,236,000	391,895	606,418	5,376,539	5,842,418
Compensated absences	412,744	385,243	29,724	24,516	442,468	409,759
Net pension liability	2,719,530	2,789,724	165,308	166,001	2,884,838	2,955,725
Net OPEB liability	610,080	630,572	28,330	32,919	638,410	663,491
Landfill closure liability	-	-	5,681,412	5,195,580	5,681,412	5,195,580
Total long-term obligations	\$ 61,263,652	\$ 64,406,617	\$ 12,198,802	\$ 12,558,426	\$ 73,462,454	\$ 76,965,043

The County's total long-term debt includes the Rockbridge County School Board debt and the business-type activities debt. For the year, the total, combined long-term debt decreased by \$3,502,589. There were no financing efforts completed in FY 2019. The reduction reflects payments made to existing, long-term obligations for governmental and business-type activities. The governmental and business-type activities' compensated absences, net pension liability, and net OPEB liability and are included in the long-term debt to meet GASB requirements. These categories changed as follows: 1) compensated absences (rose \$32,709); 2) net pension liability (decreased \$70,887); and 3) net OPEB liability (down \$25,081). Lastly, the landfill's closure/post-closure liability increased by \$485,832 from FY 2018 levels as result of the latest capacity estimate of 33.5%, up from 15%, on the first of five planned, lateral-expansion cells. Cell 1's life-cycle estimate is approximately seven years. The additional, long-term liability includes cost estimates for an interim cap and thirty years of post-closure monitoring. In FY 2019, the BRRA is set aside \$171,028 to meet the projected liability of a combined system that approaches a 60-year life cycle.

Additional information on the County's long-term debt can be found in Note 7 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The Rockbridge County population was 22,307 as of the April 1, 2010 U.S. Census. The Weldon Cooper Institute's July 1, 2018 population estimate reflects 22,539, an increase of 232 (up 1.04%). Minimal change in population has occurred over the past two decades and no substantial change is anticipated in the next fiscal year.
- For the fiscal year ending June 30, 2018, the unemployment rate for the Commonwealth and Rockbridge County were both 2.9%. During the progress of this management discussion and analysis report, the September 2019 unemployment rate dropped to 2.7% for the state and 2.4% in the County. Overall, local efforts by the Board of Supervisors to fund a variety of economic development initiatives continue in an effort to generate new business inquiries and interest.
- The Board of Supervisors fiscal year 2020 budget priorities include meeting legal and moral obligations to fund debt-service payments, mandated services, and other legal commitments. Additionally, the Board's goals involve limiting overall expenditures on all areas except education, "safety net" programs, public safety, solid waste management, emergency communications, and economic development. These activities may require increased funding compared to prior years.
- The Board approved a real property tax rate of \$0.73 per \$100.00 of assessed valuation for tax year 2019. This rate reflects a three-cent increase from calendar year 2018. With the latest assessed values, the County's penny rate remains estimated at \$254,000. The personal property rate of \$4.25 remained unchanged from the prior year.
- In FY 2020 the Board of Supervisors continued its annual support of the School Division. The Board committed to increase the local School Fund transfer for operations by \$224,876. When offset by the additional local support of \$192,760 agreed upon in FY 2019, the adjusted School Division support from the County equates to a net increase of \$32,115. The school division oversees four elementary schools, one middle school, and one high school (this includes students from Lexington City). In addition, the local School Fund transfer for debt rose by \$42,762.
- When compared to FY 2019, other notable increases adopted in the FY 2020 budget cycle include: support for Fire-Rescue operations (+\$485,865); regional jail operational cost-share (+\$313,158); transfer to reserves (+\$194,184); economic development department (+\$135,635); County debt service payments (+\$124,462); and the welfare category, which includes CSA and DSS programs (+\$122,540);.
- The County continues to manage facility projects through long-term planning and funding, to include sourcing \$246,000 from Construction Projects Fund reserves in FY 2020. Projects in 2020 include development of an additional staffed collection center site, and the parking lot patching at the joint Fire-Rescue and 911 Center facility.
- The Board approved transferring \$361,191 (up \$51,191) to the Capital Purchases Fund. This funding will support the procurement of Sheriff Office, Fire and EMS, and County vehicles along with replacing capital equipment at the Rockbridge County Courthouse and two staffed collection centers.
- The Board of Supervisors elected to use \$723,680 in restricted accounts to fund the following efforts: the County's targeted transition to cross-trained fire and EMS career staff will continue to be funded at \$100,000 from the EMS revenue recovery account. This funding mechanism mirrors the action begun in FY 2015 for the previously contracted ambulance service. In addition, EMS revenue recovery will source the County's payment to a third-party vendor (\$17,080), which bills and collects this revenue stream. Furthermore, this account will fund the annual stipend for the Operational Medical Director (\$10,000). Lastly, the EMS revenue recovery will source the funding methodology for fire and EMS agencies (\$129,000) to implement a pay-per-call program for volunteers in FY 2020. Other activities from restricted accounts involve: managing the \$4 for Life reserves to fund the procurement of training, equipment, and supplies for approved volunteer EMS squads (\$20,000). Additional use of restricted accounts involves: 1) sourcing capital improvement plan efforts totaling \$236,877 in one-time projects; and 2) funding the PSA's Route 60 East infrastructure debt-service payments (\$210,723) from sale of property accounts.
- The Board also the use of \$134,000 in unassigned reserves to source the following: a capital campaign contribution to the Rockbridge Area Health Center (\$100,000); the purchase of personal protection equipment for new County staff serving at the Kerrs Creek Volunteer Fire Department (\$24,000); and a capital contribution to the Boxerwood Nature Center and Woodland Garden program (\$10,000).

All of these factors were considered in preparing the County's budget for the 2020 fiscal year.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Rockbridge finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Rockbridge County Administrator, 150 S. Main Street, Lexington, Virginia 24450.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

County of Rockbridge, Virginia
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 21,719,648	\$ 1,694,477	\$ 23,414,125
Investments	-	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	10,841,128	-	10,841,128
Accounts receivable	831,638	303,175	1,134,813
Due from component units	2,297,135	-	2,297,135
Due from other governmental units	970,889	-	970,889
Inventories	149,337	-	149,337
Advances to other entities	3,883,048	-	3,883,048
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	4,651,491	4,651,491
Net pension asset	-	-	-
Capital assets (net of accumulated depreciation):			
Land	1,790,211	531,037	2,321,248
Buildings and improvements	65,331,175	6,793,003	72,124,178
Machinery and equipment	1,020,911	1,151,408	2,172,319
Utility plant and equipment	-	-	-
Construction in progress	59,181	-	59,181
Total assets	\$ 108,894,301	\$ 15,124,591	\$ 124,018,892
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 1,217,097	\$ -	\$ 1,217,097
Pension related items	733,744	48,738	782,482
OPEB related items	61,791	3,232	65,023
Total deferred outflows of resources	\$ 2,012,632	\$ 51,970	\$ 2,064,602
LIABILITIES			
Accounts payable	\$ 744,048	\$ 410,065	\$ 1,154,113
Capital advances from Rockbridge County	-	350,000	350,000
Accrued interest payable	830,860	60,534	891,394
Due to primary government	-	-	-
Performance deposits	38,580	-	38,580
Due to other governments	699,641	-	699,641
Unearned revenue	1,636	-	1,636
Deposits payable	-	-	-
Long-term liabilities:			
Due within one year	3,429,503	848,653	4,278,156
Due in more than one year	57,834,149	11,350,149	69,184,298
Total liabilities	\$ 63,578,417	\$ 13,019,401	\$ 76,597,818
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue-property taxes	\$ 9,590,582	\$ -	\$ 9,590,582
Pension related items	457,070	27,663	484,733
OPEB related items	77,846	3,108	80,954
Total deferred inflows of resources	\$ 10,125,498	\$ 30,771	\$ 10,156,269
NET POSITION			
Net investment in capital assets	\$ 11,897,277	\$ 3,005,550	\$ 14,902,827
Restricted			
Fire funds	53,912	-	53,912
Rental assistance	25,856	-	25,856
Four for life	113,478	-	113,478
Debt service	-	824,130	824,130
Unrestricted	25,112,495	(1,703,291)	23,409,204
Total net position	\$ 37,203,018	\$ 2,126,389	\$ 39,329,407

The notes to the financial statements are an integral part of this statement.

Exhibit 1

Component Unit School Board	Component Unit Rockbridge Area Social Services	Component Unit Rockbridge Regional Jail Commission	Component Unit Rockbridge Public Service Authority
\$ 70,212	\$ 910,204	\$ 200	\$ 5,769,768
-	-	-	2,266,368
-	-	-	-
41,151	37,186	7,485	562,779
-	-	-	-
740,160	1,162,739	332,422	-
41,973	-	-	67,892
-	-	-	-
452,947	-	-	100
-	-	-	71,420
-	375,368	-	73,363
117,555	-	-	410,596
21,715,440	-	2,704,946	54,434
2,652,148	8,735	84,402	68,526
-	-	-	21,221,207
83,248	-	-	1,462,296
\$ 25,914,834	\$ 2,494,232	\$ 3,129,455	\$ 32,028,749
\$ -	\$ -	\$ -	\$ -
3,089,062	29,780	197,043	23,977
558,395	13,803	22,653	4,173
\$ 3,647,457	\$ 43,583	\$ 219,696	\$ 28,150
\$ 162,317	\$ 875,577	\$ 109,667	\$ 688,635
-	-	-	-
-	-	-	21,921
1,069,917	1,162,579	64,639	-
-	-	-	-
-	71,973	-	-
-	-	-	-
-	-	-	71,420
73,479	20,918	62,298	980,464
33,443,244	140,755	1,163,026	12,026,451
\$ 34,748,957	\$ 2,271,802	\$ 1,399,630	\$ 13,788,891
\$ -	\$ -	\$ -	\$ -
3,042,799	156,260	222,313	29,532
943,000	7,000	29,870	4,000
\$ 3,985,799	\$ 163,260	\$ 252,183	\$ 33,532
\$ 24,568,391	\$ 8,735	\$ 2,789,348	\$ 10,303,790
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(33,740,856)	94,018	(1,092,010)	7,930,686
\$ (9,172,465)	\$ 102,753	\$ 1,697,338	\$ 18,234,476

County of Rockbridge, Virginia
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,732,902	\$ -	\$ 246,972	\$ 78,391
Judicial administration	1,571,211	793,781	823,207	-
Public safety	9,924,693	50,559	1,437,875	-
Public works	3,229,210	650,812	22,741	-
Health and welfare	1,822,361	-	-	-
Education	18,406,357	-	-	-
Parks, recreation, and cultural	1,421,876	91,959	-	-
Community development	3,265,388	340,990	235,234	319,951
Nondepartmental	1,913,840	-	-	-
Interest on long-term debt	2,153,345	-	-	-
Total governmental activities	<u>\$ 46,441,183</u>	<u>\$ 1,928,101</u>	<u>\$ 2,766,029</u>	<u>\$ 398,342</u>
Business-type activities:				
Blue Ridge Resource Authority	\$ 3,046,258	\$ 2,360,386	\$ -	\$ -
Total business-type activities	<u>\$ 3,046,258</u>	<u>\$ 2,360,386</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u><u>\$ 49,487,441</u></u>	<u><u>\$ 4,288,487</u></u>	<u><u>\$ 2,766,029</u></u>	<u><u>\$ 398,342</u></u>
COMPONENT UNITS:				
Governmental activities:				
School Board	\$ 34,699,583	\$ 1,906,280	\$ 18,473,902	\$ -
Rockbridge Area Social Services Board	10,145,535	-	10,319,398	-
Rockbridge Regional Jail Commission	4,262,705	2,337,165	1,824,618	-
Business-type activities:				
Rockbridge Public Service Authority	3,395,796	3,117,863	-	283,500
Total component units	<u><u>\$ 52,503,619</u></u>	<u><u>\$ 7,361,308</u></u>	<u><u>\$ 30,617,918</u></u>	<u><u>\$ 283,500</u></u>
General revenues:				
General property taxes				
Local sales tax				
Consumers utility tax				
Business license tax				
Meals tax				
Motor vehicle licenses				
Lodging tax				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position						
Primary Government			Component Unit	Component Unit	Component Unit	Component Unit
Governmental Activities	Business-type Activities	Total	School Board	Rockbridge Area Social Services	Rockbridge Regional Jail Commission	Rockbridge Public Service Authority
\$ (2,407,539)	\$ -	\$ (2,407,539)	\$ -	\$ -	\$ -	\$ -
45,777	-	45,777	-	-	-	-
(8,436,259)	-	(8,436,259)	-	-	-	-
(2,555,657)	-	(2,555,657)	-	-	-	-
(1,822,361)	-	(1,822,361)	-	-	-	-
(18,406,357)	-	(18,406,357)	-	-	-	-
(1,329,917)	-	(1,329,917)	-	-	-	-
(2,369,213)	-	(2,369,213)	-	-	-	-
(1,913,840)	-	(1,913,840)	-	-	-	-
(2,153,345)	-	(2,153,345)	-	-	-	-
<u>\$ (41,348,711)</u>	<u>\$ -</u>	<u>\$ (41,348,711)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (685,872)	\$ (685,872)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (685,872)	\$ (685,872)	\$ -	\$ -	\$ -	\$ -
<u>\$ (41,348,711)</u>	<u>\$ (685,872)</u>	<u>\$ (42,034,583)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (14,319,401)	\$ -	\$ -	\$ -
-	-	-	-	173,863	-	-
-	-	-	-	-	(100,922)	-
-	-	-	-	-	-	5,567
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,319,401)</u>	<u>\$ 173,863</u>	<u>\$ (100,922)</u>	<u>\$ 5,567</u>
\$ 26,812,001	\$ -	\$ 26,812,001	\$ -	\$ -	\$ -	\$ -
2,849,016	-	2,849,016	-	-	-	-
1,375,566	-	1,375,566	-	-	-	-
959,186	-	959,186	-	-	-	-
1,554,996	-	1,554,996	-	-	-	-
531,572	-	531,572	-	-	-	-
1,657,136	-	1,657,136	-	-	-	-
418,566	-	418,566	-	-	-	-
474,123	111,965	586,088	9	-	341	114,362
1,236,036	21,087	1,257,123	89,317	-	37,316	14,927
2,833,135	-	2,833,135	18,344,608	-	-	210,642
10,702	(10,702)	-	-	-	-	-
<u>\$ 40,712,035</u>	<u>\$ 122,350</u>	<u>\$ 40,834,385</u>	<u>\$ 18,433,934</u>	<u>\$ -</u>	<u>\$ 37,657</u>	<u>\$ 339,931</u>
(636,676)	(563,522)	(1,200,198)	4,114,533	173,863	(63,265)	345,498
37,839,694	2,689,911	40,529,605	(13,286,998)	(71,110)	1,760,603	17,888,978
<u>\$ 37,203,018</u>	<u>\$ 2,126,389</u>	<u>\$ 39,329,407</u>	<u>\$ (9,172,465)</u>	<u>\$ 102,753</u>	<u>\$ 1,697,338</u>	<u>\$ 18,234,476</u>

FUND FINANCIAL STATEMENTS

County of Rockbridge, Virginia
Balance Sheet
Governmental Funds
June 30, 2019

Exhibit 3

	<u>General Fund</u>	<u>County Capital Projects Fund</u>	<u>School Capital Projects Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 20,284,398	\$ 1,433,547	\$ 1,703	\$ 21,719,648
Receivables (net of allowance for uncollectibles):				
Taxes receivable	10,841,128	-	-	10,841,128
Accounts receivable	831,638	-	-	831,638
Advances to other entities	3,883,048	-	-	3,883,048
Due from component units	2,297,135	-	-	2,297,135
Due from other governmental units	970,889	-	-	970,889
Inventories	149,337	-	-	149,337
Total assets	<u>\$ 39,257,573</u>	<u>\$ 1,433,547</u>	<u>\$ 1,703</u>	<u>\$ 40,692,823</u>
LIABILITIES				
Accounts payable	\$ 744,048	\$ -	\$ -	\$ 744,048
Due to other governments	699,641	-	-	699,641
Performance deposits	38,580	-	-	38,580
Unearned revenue	1,636	-	-	1,636
Total liabilities	<u>\$ 1,483,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,483,905</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	\$ 10,978,447	\$ -	\$ -	\$ 10,978,447
FUND BALANCES				
Nonspendable:				
Inventories	\$ 149,337	\$ -	\$ -	\$ 149,337
Total nonspendable	<u>\$ 149,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,337</u>
Restricted:				
Rental assistance	\$ 25,856	\$ -	\$ -	\$ 25,856
Four for life	113,478	-	-	113,478
Fire program	53,912	-	-	53,912
Total restricted	<u>\$ 193,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,246</u>
Assigned:				
Garage	\$ 143,974	\$ -	\$ -	\$ 143,974
Industrial property	329,180	-	-	329,180
School carryover	641,165	-	-	641,165
Convenience centers	12,075	-	-	12,075
Partnership	82,097	-	-	82,097
Revenue recovery	1,068,482	-	-	1,068,482
Economic development	603,972	-	-	603,972
Reassessment	100,000	-	-	100,000
Capital projects funds	383,768	1,433,547	1,703	1,819,018
Total assigned	<u>\$ 3,364,713</u>	<u>\$ 1,433,547</u>	<u>\$ 1,703</u>	<u>\$ 4,799,963</u>
Unassigned	\$ 23,087,925	\$ -	\$ -	\$ 23,087,925
Total unassigned	<u>\$ 23,087,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,087,925</u>
Total fund balances	<u>\$ 26,795,221</u>	<u>\$ 1,433,547</u>	<u>\$ 1,703</u>	<u>\$ 28,230,471</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 39,257,573</u>	<u>\$ 1,433,547</u>	<u>\$ 1,703</u>	<u>\$ 40,692,823</u>

The notes to the financial statements are an integral part of this statement.

County of Rockbridge, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2019

Exhibit 4

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	28,230,471
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	1,790,211	
Buildings and improvements		65,331,175	
Machinery and equipment		1,020,911	
Construction in progress		<u>59,181</u>	
			68,201,478
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Unavailable revenue - property taxes	\$	<u>1,387,865</u>	
			1,387,865
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Deferred charge on refunding	\$	1,217,097	
Pension related items		733,744	
OPEB related items		<u>61,791</u>	
			2,012,632
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bonds	\$	(33,142,799)	
Revenue bonds		(16,005,000)	
Capital leases		(4,984,644)	
Bond premium		(2,848,855)	
Literary loan funds		(540,000)	
Compensated absences		(412,744)	
Net pension liability		(2,719,530)	
Net OPEB liability		(610,080)	
Accrued interest payable		<u>(830,860)</u>	
			(62,094,512)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(457,070)	
OPEB related items		<u>(77,846)</u>	
			<u>(534,916)</u>
Net position of governmental activities		\$	<u><u>37,203,018</u></u>

The notes to the financial statements are an integral part of this statement.

County of Rockbridge, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

Exhibit 5

	General Fund	County Capital Projects Fund	School Capital Projects Fund	Total
REVENUES				
General property taxes	\$ 26,821,285	\$ -	\$ -	\$ 26,821,285
Other local taxes	9,346,038	-	-	9,346,038
Permits, privilege fees, and regulatory licenses	341,802	-	-	341,802
Fines and forfeitures	572,049	-	-	572,049
Revenue from the use of money and property	472,374	-	1,749	474,123
Charges for services	1,014,250	-	-	1,014,250
Miscellaneous	1,236,036	-	-	1,236,036
Recovered costs	499,845	-	-	499,845
Intergovernmental:				
Commonwealth	5,408,397	-	-	5,408,397
Federal	589,109	-	-	589,109
Total revenues	<u>\$ 46,301,185</u>	<u>\$ -</u>	<u>\$ 1,749</u>	<u>\$ 46,302,934</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,029,406	\$ -	\$ -	\$ 2,029,406
Judicial administration	1,661,334	-	-	1,661,334
Public safety	9,924,315	-	-	9,924,315
Public works	3,281,203	-	-	3,281,203
Health and welfare	1,821,605	-	-	1,821,605
Education	14,278,558	-	-	14,278,558
Parks, recreation, and cultural	1,434,036	-	-	1,434,036
Community development	3,292,580	-	-	3,292,580
Nondepartmental	1,913,840	-	-	1,913,840
Capital projects	-	756,315	1,283,680	2,039,995
Debt service:				
Principal retirement	2,876,909	-	-	2,876,909
Interest and other fiscal charges	2,287,550	-	-	2,287,550
Total expenditures	<u>\$ 44,801,336</u>	<u>\$ 756,315</u>	<u>\$ 1,283,680</u>	<u>\$ 46,841,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,499,849</u>	<u>\$ (756,315)</u>	<u>\$ (1,281,931)</u>	<u>\$ (538,397)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,702	\$ 576,891	\$ -	\$ 587,593
Transfers out	(576,891)	-	-	(576,891)
Total other financing sources (uses)	<u>\$ (566,189)</u>	<u>\$ 576,891</u>	<u>\$ -</u>	<u>\$ 10,702</u>
Net change in fund balances	\$ 933,660	\$ (179,424)	\$ (1,281,931)	\$ (527,695)
Fund balances - beginning	25,861,561	1,612,971	1,283,634	28,758,166
Fund balances - ending	<u>\$ 26,795,221</u>	<u>\$ 1,433,547</u>	<u>\$ 1,703</u>	<u>\$ 28,230,471</u>

The notes to the financial statements are an integral part of this statement.

County of Rockbridge, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2019

Exhibit 6

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (527,695)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 708,546	
Depreciation expense	(1,760,066)	
Allocation of debt financed school assets based on current year repayments	<u>(2,487,057)</u>	(3,538,577)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ <u>(9,284)</u>	(9,284)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments	\$ 2,876,909	
Amortization of deferred charge on refunding	(69,189)	
Amortization of premium on general obligation bonds	202,871	
Accrued interest	<u>523</u>	3,011,114

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (27,501)	
Pension expense	439,449	
OPEB expense	<u>15,818</u>	<u>427,766</u>

Change in net position of governmental activities	\$ <u><u>(636,676)</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Rockbridge, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2019

Exhibit 7

	Enterprise Fund Landfill Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,694,477
Accounts receivable	303,175
Total current assets	\$ 1,997,652
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	\$ 4,651,491
Total restricted assets	\$ 4,651,491
Capital assets, net of accumulated depreciation:	
Land	\$ 531,037
Buildings and improvements	6,793,003
Machinery and equipment	1,151,408
Total capital assets	\$ 8,475,448
Total noncurrent assets	\$ 13,126,939
Total assets	\$ 15,124,591
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 48,738
OPEB related items	3,232
Total deferred outflows of resources	\$ 51,970
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 410,065
Capital advances from Rockbridge County	350,000
Accrued interest payable	60,534
Bonds payable - current portion	649,778
Capital lease payable - current portion	192,746
Compensated absences-current portion	6,129
Total current liabilities	\$ 1,669,252
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 23,595
Net OPEB liability	28,330
Net pension liability	165,308
Closure and post-closure liability	5,681,412
Bonds payable - net of current portion	5,252,355
Capital lease payable - net of current portion	199,149
Total noncurrent liabilities	\$ 11,350,149
Total liabilities	\$ 13,019,401
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 27,663
OPEB related items	3,108
Total deferred inflows of resources	\$ 30,771
NET POSITION	
Net investment in capital assets	\$ 3,005,550
Restricted for debt service	824,130
Unrestricted	(1,703,291)
Total net position	\$ 2,126,389

The notes to the financial statements are an integral part of this statement.

County of Rockbridge, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

Exhibit 8

	Enterprise Fund Landfill Fund
OPERATING REVENUES	
Charges for services:	
Landfill Rockbridge County	\$ 863,723
Landfill City of Lexington	169,438
Landfill City of Buena Vista	237,616
Commercial and noncommercial customers	1,089,609
Miscellaneous	21,087
Total operating revenues	\$ 2,381,473
OPERATING EXPENSES	
Personal services	\$ 389,001
Fringe benefits	121,673
Contractual services	715,825
Other charges	247,894
Rent	10,465
Depreciation	534,734
Total operating expenses	\$ 2,019,592
Operating income (loss)	\$ 361,881
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 111,965
Interest expense	(174,157)
Loss on disposal of property	(22,540)
Landfill closure costs and post-closure liability	(829,969)
Total nonoperating revenues (expenses)	\$ (914,701)
Income before transfers	\$ (552,820)
Transfers out	\$ (10,702)
Change in net position	\$ (563,522)
Total net position - beginning	2,689,911
Total net position - ending	\$ 2,126,389

The notes to the financial statements are an integral part of this statement.

County of Rockbridge, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

Exhibit 9

	Enterprise Fund Landfill Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,433,340
Payments to suppliers	(589,412)
Payments to employees	(529,846)
Net cash provided by (used for) operating activities	\$ 1,314,082
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer to general fund	\$ (10,702)
Net cash provided by (used for) noncapital financing activities	\$ (10,702)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (388,815)
Proceeds from the sale of assets	70,201
Principal paid on capital debt	(749,523)
Interest expense	(276,034)
Landfill closure costs	(344,137)
Net cash provided by (used for) capital and related financing activities	\$ (1,688,308)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 111,965
Net increase (decrease) in cash and cash equivalents	\$ (272,963)
Cash and cash equivalents - beginning - including restricted	6,618,931
Cash and cash equivalents - ending - including restricted	\$ 6,345,968
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 361,881
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	534,734
(Increase) decrease in accounts receivable	51,867
(Increase) decrease in deferred outflows of resources	(3,048)
Increase (decrease) in accounts payable	384,772
Increase (decrease) in compensated absences	5,208
Increase (decrease) in net OPEB liability	(4,589)
Increase (decrease) in net pension liability	(693)
Increase (decrease) in deferred inflows of resources	(16,050)
Net cash provided by (used for) operating activities	\$ 1,314,082
Schedule of non-cash capital and related financing activities:	
Landfill closure and post-closure costs	\$ 485,832
Total non-cash capital and related financing activities	\$ 485,832

The notes to the financial statements are an integral part of this statement.

County of Rockbridge, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

Exhibit 10

	Primary Government Agency Funds
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 225,427
Accounts receivable	3,915
Total assets	<hr/> \$ 229,342 <hr/>
LIABILITIES	
Accounts payable	\$ 67,005
Amounts held for payroll deductions	(67,005)
Amounts held for veterans memorial	9,347
Amounts held for drug enforcement	174,968
Amounts held for employee benefits	2,164
Amounts held for commonwealth attorney forfeitures	42,863
Total liabilities	<hr/> \$ 229,342 <hr/>

The notes to the financial statements are an integral part of this statement.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity

The County of Rockbridge, Virginia (government) is a municipal corporation governed by an elected five-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - The Blue Ridge Resource Authority has been determined to be a component unit of Rockbridge County in accordance with Governmental Accounting Standards Board Statement 14. The Authority is a legally separate organization whose Board members are composed of 5 members appointed by the Rockbridge County Board of Supervisors and 2 appointed members from the Lexington City Council. The primary government has a financial benefit and burden relationship with the Authority and is able to impose its will on the Authority. Complete financial statements for the Authority may be obtained at the Authority's administrative office at 225 Landfill Road, Buena Vista, Virginia 24416.

Discretely Presented Component Units:

Rockbridge County School Board:

The School Board members are elected and are responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary local sources of funding are from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2019.

Rockbridge County Regional Jail Commission:

The Rockbridge County Regional Jail Commission is a regional board organized to manage and confine prisoners from the localities of Lexington City, Buena Vista City and Rockbridge County. The Rockbridge County Board of Supervisors appoints two (2) members to the Commission, while the City of Lexington and the City of Buena Vista each appoint one member respectively. The County of Rockbridge serves as the fiscal agent for the Jail Commission. The Jail Commission is included in these financial statements because of the County's ability to designate the management and exercise significant control over the operations of the entity. The financial statements of the Commission are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2019. Complete financial statements of the Rockbridge County Regional Jail Commission are available at the Rockbridge County Jail, 258 Greenhouse Road, Lexington, Virginia 24450.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

A. Financial Reporting Entity (continued)

Discretely Presented Component Units: (continued)

Rockbridge County Public Service Authority:

The Rockbridge County Public Service Authority is organized to provide water and sewer services to customers located in the County. The Authority is a legally separate entity from the County. The County is financially accountable for the Authority in that the County appoints the Authority's five member Board of Directors and has a financial indebtedness burden related to the Authority. The financial statements of the Authority are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2019. Complete financial statements of the Rockbridge County Public Service Authority are available at the Authority's office: 150 South Main Street, Lexington, Virginia 24450.

Rockbridge Area Social Services Board:

The Rockbridge Area Social Services Board is a regional board organized to provide social services to Rockbridge County, and the Cities of Lexington and Buena Vista. All three participating entities appoint members of the Board. The Rockbridge County Treasurer serves as the fiscal agent for the Comprehensive Services Act programs administered by the Rockbridge Area Department of Social Services operation. The Board is a legally separate organization, however the Board is included in the reporting entity because of the nature and significance of its relationship with the County of Rockbridge, Virginia. The financial statements of the Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2019. Complete financial statements of the Rockbridge Area Social Services Board are available at the Rockbridge Area Social Services office: 20 East Preston Street, Lexington, Virginia 24450.

B. Other Organizations

Included in the County's Financial Report: None

Excluded from the County's Financial Report:

Rockbridge County Economic Development Authority:

The County created the Economic Development Authority to assist with economic endeavors. The Authority is comprised of seven members appointed by the Board of Supervisors. The Authority was created by resolution pursuant to state statute, and it is legally separate from the County. The County cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Authority. The Authority is fiscally independent, and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Rockbridge Area Community Services Board:

The Rockbridge Area Community Services Board is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Lexington and Buena Vista and the County of Rockbridge provide the financial support for the Board and appoint its governing Board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Summary financial information is included in Note 4 of these financial statements. Complete financial statements can be obtained from the Rockbridge Area Community Services Board offices: 241 Greenhouse Road, Lexington, Virginia 24450.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Other Organizations (continued)

Maury Service Authority:

The Maury Service Authority is responsible for acquiring, financing, constructing, and maintaining facilities for the improvement, treatment, storage and transmission of potable water. The Maury Service Authority is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The County of Rockbridge and the Cities of Lexington and Buena Vista appoint the Authority's Board of Directors. The City of Lexington and the Rockbridge Public Service Authority provide substantially all of the Authority's revenues. Summary financial information is included in Note 4 of these financial statements. Complete financial statements of the Maury Service Authority are available at the Authority's office at 130 Osage Lane, Lexington, Virginia 24450.

Rockbridge Regional Public Safety Communications Center:

The Rockbridge Regional Public Safety Communications Center is organized for the purpose of establishing a mutually beneficial basis for the use and operation of a consolidated public safety dispatch center for the County of Rockbridge and Cities of Lexington and Buena Vista, Virginia. The Cities of Buena Vista and Lexington and the County of Rockbridge appoint the Board of Directors and each provides substantially all of the Center's revenues. The City of Lexington serves as fiscal agent for the Center. The Center is not included in these financial statements because the County does not have ability to designate the management and exercise significant control over the operations of the entity. Summary financial information is included in Note 4 of these financial statements. Complete financial statements of the Rockbridge Regional Public Safety Communications Center are available at the Center's office at 300 E. Washington St., Lexington, Virginia 24450.

In addition, the Rockbridge Regional Industrial Development Authority, Rockbridge Regional Library, Rockbridge Area Network Authority, Rockbridge Area Recreation Organization, Regional Tourism Board, Regional Transit System Board, and Shenandoah Valley Detention Home Commission are considered intergovernmental (joint) ventures; therefore, their operations are not included in the County's financial report. Rockbridge County and the Cities of Lexington and Buena Vista provide financial support and appoint members to their governing bodies, in which is vested the administration and control over operations.

C. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expenses – the cost of “using up” capital assets – in the Statement of Activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets, 2) restricted; and 3) unrestricted.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Government-wide and fund financial statements (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes the activities of the central stores and the South River flood mitigation funds.

Special revenue funds account for and report the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The County does not have any special revenue funds to report for fiscal year 2019.

The *capital projects funds* account for and report financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Capital project funds consist of the County Capital Projects fund and the School Capital Projects fund.

The government reports the following major proprietary funds:

The *landfill fund* accounts for and reports the activities of the Blue Ridge Resource Authority, a blended component unit of the government.

Additionally, the government reports the following fund types:

Fiduciary (Trust and Agency) funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Payroll Deduction, Drug, Veterans Memorial, Employee Benefit, and Commonwealth Attorney Forfeitures Funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's landfill and recycling funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

1. *Cash and cash equivalents*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. *Receivables and payables*

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "Advances to/from other funds" (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. *Inventories and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Quantities on hand at year-end are considered immaterial and have not been recorded, except in the School Cafeteria Fund and Discretely Presented Component Unit-Rockbridge Public Service Authority where it can be easily measured.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Property taxes*

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property taxes are due and collectible annually on October 5th. The County bills and collects its own property taxes. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$321,768 at June 30, 2019 and is comprised solely of property taxes.

5. *Restricted assets*

The governmental funds maintain restricted cash for debt service, garage, fire funds, industrial property, and the discretely presented component unit-school board. The Landfill fund maintains restricted assets invested in the Local Government Investment Pool. \$3,827,361 is restricted for the payment of future closure and post-closure costs associated with the County's landfill. Additionally, the Landfill fund has restricted unspent bond proceeds of \$824,130. The Discretely Presented Component Unit Rockbridge Public Service Authority maintains restricted assets that are limited by applicable bond covenants.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

6. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. During the current year no interest was capitalized in the Landfill fund. During the previous year \$85,233 was capitalized in the landfill fund.

Property, plant, and equipment and infrastructure of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Machinery and equipment	5-10
Utility, plant and equipment	5-30

7. *Compensated absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discount, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

9. *Fund equity*

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority (the Board of Supervisors); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The County establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

10. *Net position*

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

11. *Net position flow assumption*

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

12. *Reclassifications*

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Primary Government has two items that qualify for reporting in this category. The Primary Government shows a deferred charge on refunding reported in to government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Primary Government has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Teacher Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB, and the related HIC OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Medical, Dental, and Prescription Insurance – Pay as You Go Program

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined based on an actuarial valuation. Benefit payments are recognized when due and payable in accordance with the benefit terms.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 2—ADOPTION OF ACCOUNTING PRINCIPLES:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

The County early implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2019. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The Board of Supervisors has authorized the County Administrator to revise appropriations for each department or category as needed to meet actual operational expenditures. The County Administrator is also authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements are the revised budget as of June 30.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (CONTINUED)

B. Excess of expenditures over appropriations:

For the year ended June 30, 2019, there were no funds that had expenditures exceeding appropriations.

C. Deficit fund equity

At June 30, 2019, there were no funds that showed deficit equity.

NOTE 4—JOINT VENTURES:

As described in Note 1-B, the following boards are construed as operating as joint ventures between the Cities of Lexington and Buena Vista, and the County of Rockbridge. Summary financial information for the Boards at June 30, 2019 is provided below:

	Maury Service Authority (1)	Rockbridge Area Community Services Board	Rockbridge Regional Public Safety Communications Center
Total assets and deferred outflows of resources	\$ 12,195,724	\$ 7,989,703	\$ 7,264,024
Total liabilities and deferred inflows of resources	7,792,263	5,269,983	7,164,792
Total net position	<u>\$ 4,403,461</u>	<u>\$ 2,719,720</u>	<u>\$ 99,232</u>
For the year ended June 30, 2019			
Operating revenue	\$ 2,925,069	\$ 4,372,785	\$ 242,637
Operating expenses	(3,381,713)	(7,493,485)	(1,693,960)
Nonoperating income (expense)	1,197,661	3,798,735	1,275,875
Change in net position	<u>\$ 741,017</u>	<u>\$ 678,035</u>	<u>\$ (175,448)</u>
Net position at beginning of year, as restated	25,327,090	2,041,685	274,680
Net position at end of year	<u>\$ 26,068,107</u>	<u>\$ 2,719,720</u>	<u>\$ 99,232</u>

(1) Maury Service Authority June 30, 2019 summary financial data was not available at the time of report issuance. June 30, 2018 data is presented above.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

Due from other governments consists of payments due from federal, state, and local governmental units at June 30, 2019 as follows:

	Governmental Activities	Component Unit School Board	Component Unit Jail Commission	Component Unit Rockbridge Area Social Services Board
Commonwealth of Virginia:				
State sales taxes	\$ -	\$ 371,858	\$ -	\$ -
Local sales taxes	569,255	-	-	-
Public assistance grants	-	-	-	64,095
Comprehensive services act	-	-	-	996,390
Communications tax	126,261	-	-	-
Shared expenses	188,439	-	136,734	-
Other	66,183	237,864	96,364	-
Federal Government:				
Ground transportation safety	9,275	-	-	-
DHCD	4,952	-	-	-
Other	6,524	130,438	-	102,254
Other Governmental Units:				
City of Lexington	-	-	14,527	-
City of Buena Vista	-	-	20,109	-
County of Rockbridge	-	-	64,688	-
Totals	\$ 970,889	\$ 740,160	\$ 332,422	\$ 1,162,739

NOTE 6—INTERFUND OBLIGATIONS:

The purpose of interfund obligations due to/from component unit is to report the balance of local appropriations unspent at year-end due back to the respective funds. The purpose of interfund obligations due to/from other funds is to repay the general fund for expenditures related to the landfill and school capital projects.

Fund	Due From Component Unit/Primary Government	Due To Component Unit/Primary Government
General	\$ 2,297,135	\$ -
Component Unit Rockbridge		
Regional Jail Commission	-	64,639
Component Unit Rockbridge		
Area Social Services	-	1,162,579
Component Unit School Board	-	1,069,917
Total	\$ 2,297,135	\$ 2,297,135

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government – Governmental Activities Indebtedness:

Changes in Long-Term Obligations:

The following is a summary of long-term obligations transactions of the County for the year ended June 30, 2019:

	Balance July 1, 2018	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2019
Governmental Activities:				
Direct borrowings and direct placements				
General obligation bonds	\$ 35,158,352	\$ -	\$ 2,015,553	\$ 33,142,799
Revenue bonds	16,440,000	-	435,000	16,005,000
Bond premium	3,051,726	-	202,871	2,848,855
Literary loan funds	715,000	-	175,000	540,000
Total direct borrowings and direct placements	<u>\$ 55,365,078</u>	<u>\$ -</u>	<u>\$ 2,828,424</u>	<u>\$ 52,536,654</u>
Other long-term obligations				
Capital leases	5,236,000	-	251,356	4,984,644
Compensated absences	385,243	316,433	288,932	412,744
Net pension liabilities	2,789,724	2,513,956	2,584,150	2,719,530
Net OPEB liability	630,572	97,060	117,552	610,080
Total other long-term obligations	<u>\$ 9,041,539</u>	<u>\$ 2,927,449</u>	<u>\$ 3,241,990</u>	<u>\$ 8,726,998</u>
Total Governmental Activities	<u>\$ 64,406,617</u>	<u>\$ 2,927,449</u>	<u>\$ 6,070,414</u>	<u>\$ 61,263,652</u>
Business-type Activities:				
Direct borrowings and direct placements				
Revenue bonds	\$ 5,765,000	\$ -	\$ 535,000	\$ 5,230,000
Bond premium	767,992	-	95,859	672,133
Total direct borrowings and direct placements	<u>\$ 6,532,992</u>	<u>\$ -</u>	<u>\$ 630,859</u>	<u>\$ 5,902,133</u>
Other long-term obligations				
Capital leases	\$ 606,418	\$ -	\$ 214,523	\$ 391,895
Compensated absences	24,516	23,595	18,387	29,724
Net OPEB liabilities	32,919	6,371	10,960	28,330
Net pension liability	166,001	156,387	157,080	165,308
Landfill closure and post-closure care	5,195,580	485,832	-	5,681,412
Total other long-term obligations	<u>\$ 6,025,434</u>	<u>\$ 672,185</u>	<u>\$ 400,950</u>	<u>\$ 6,296,669</u>
Total Business-type Activities	<u>\$ 12,558,426</u>	<u>\$ 672,185</u>	<u>\$ 1,031,809</u>	<u>\$ 12,198,802</u>
Total Long-Term Obligations	<u>\$ 76,965,043</u>	<u>\$ 3,599,634</u>	<u>\$ 7,102,223</u>	<u>\$ 73,462,454</u>

The County's outstanding revenue bonds from direct borrowings and direct placements contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 12.2-2659 of the Code of Virginia, 1950 as amended.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 7—LONG-TERM OBLIGATIONS: (Continued)**Primary Government – Governmental Activities Indebtedness: (continued)**

Annual requirements to amortize long-term debt and related interest are as follows:

Year Ending June 30,	Direct Borrowings and Direct Placements							
	Revenue Bonds		General Obligation Bonds		Literary Loans		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 585,000	\$ 686,871	\$ 2,082,446	\$ 1,368,716	\$ 180,000	\$ 22,725	\$ 276,000	\$ 118,300
2021	650,000	657,024	2,154,438	1,286,916	180,000	13,635	294,000	111,770
2022	675,000	629,695	2,227,270	1,195,869	180,000	4,545	309,000	104,814
2023	705,000	601,008	2,195,254	1,106,851	-	-	325,000	97,503
2024	735,000	565,683	2,183,391	1,025,326	-	-	316,000	89,813
2025	775,000	530,233	1,950,000	957,604	-	-	324,000	82,337
2026	805,000	494,946	2,005,000	899,189	-	-	340,000	74,671
2027	840,000	458,236	1,780,000	844,779	-	-	357,000	66,627
2028	880,000	419,599	1,835,000	787,088	-	-	375,000	58,180
2029	925,000	379,421	1,895,000	723,456	-	-	382,000	49,307
2030	960,000	337,817	1,160,000	681,125	-	-	396,000	40,269
2031	1,010,000	293,811	1,185,000	498,036	-	-	415,000	30,900
2032	1,055,000	247,152	815,000	314,185	-	-	435,000	21,081
2033	1,095,000	199,370	840,000	288,946	-	-	440,644	10,789
2034	1,145,000	151,894	865,000	262,945	-	-	-	-
2035	1,190,000	103,741	890,000	236,181	-	-	-	-
2036	1,240,000	53,574	920,000	208,579	-	-	-	-
2037	360,000	21,119	950,000	180,061	-	-	-	-
2038	375,000	7,134	980,000	150,629	-	-	-	-
2039	-	-	1,010,000	119,650	-	-	-	-
2040	-	-	1,040,000	87,106	-	-	-	-
2041	-	-	1,075,000	53,531	-	-	-	-
2042	-	-	1,105,000	18,233	-	-	-	-
Total	\$ 16,005,000	\$ 6,838,328	\$ 33,142,799	\$ 13,295,001	\$ 540,000	\$ 40,905	\$ 4,984,644	\$ 956,361

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government – Governmental Activities Obligations: (continued)****Details of Long-Term Obligations:**

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct borrowings and direct placements:		
Revenue bonds:		
\$11,760,000, issued June 5, 2013 at a premium of \$1,771,014, payable in semi-annual installments of principal and interest on October 1, and April 1, variable interest at 4.261%-4.823% through April 1, 2036	\$ 11,020,000	\$ 450,000
\$4,985,000, issued May 25, 2016 at a premium of \$835,950, payable in semi-annual installments of principal and interest on October 1, and April 1, variable interest at 3.796%-5.125%, through April 1, 2038	<u>4,985,000</u>	<u>135,000</u>
Total revenue bonds	<u>\$ 16,005,000</u>	<u>\$ 585,000</u>
General obligation bonds:		
\$1,500,000 issue dated May 17, 2001, payable in various annual principal installments, interest payable semi-annually at 4.79% on January 15, and July 15, through January 2022	\$ 330,000	\$ 105,000
\$1,000,000 issue dated October 1, 2002 due in various annual principal installments, interest payable semi-annually at rates varying from 2.6% to 4.95% through January 15, 2023	275,000	65,000
\$10,625,000 issued October 6, 2003 at a premium of \$378,615, due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through July 15, 2028	6,145,000	485,000
\$5,514,484 issued October 6, 2003 at a premium of \$360,006 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through January 15, 2024	1,462,799	287,446
\$3,590,000 issued May 12, 2005 at a premium of \$213,677 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.1% through July 15, 2025	1,675,000	205,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government – Governmental Activities Obligations: (continued)**Details of Long-Term Details of Obligations: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
General obligation bonds: (continued)		
\$7,500,000 School tax credit bonds issued December 15, 2011 due in various annual principal installments, interest payable semi-annually at an interest rate of 4.25% through June 30, 2031	4,740,000	395,000
\$20,460,000 VPSA bonds issued November 15, 2012 at a premium of \$540,453, due in various annual principal installments, interest payable semi-annually at variable interest rates through November 15, 2042	<u>18,515,000</u>	<u>540,000</u>
Total general obligation bonds	\$ <u>33,142,799</u>	\$ <u>2,082,446</u>
Literary loans:		
\$1,435,000 issue dated May 9, 2013, payable in various annual principal and interest installments, interest rates varying from 3.05%-4% through January 15, 2021	\$ <u>540,000</u>	\$ <u>180,000</u>
Total literary loans	\$ <u>540,000</u>	\$ <u>180,000</u>
Total direct borrowings and direct placements	\$ <u>49,687,799</u>	\$ <u>2,847,446</u>
Other long-term obligations:		
Capital leases:		
\$5,236,000 in lease revenue bonds issued September 29, 2017 payable in annual installments ranging from \$329,601 to \$466,789, with interest at 2.366%, through June 30, 2033	\$ <u>4,984,644</u>	\$ <u>276,000</u>
Total capital lease obligations	\$ <u>4,984,644</u>	\$ <u>276,000</u>
Unamortized bond premium	\$ <u>2,848,855</u>	\$ <u>202,871</u>
Net pension liability (payable from the General Fund)	\$ <u>2,719,530</u>	\$ <u>-</u>
Net OPEB liabilities (payable from the General Fund)	\$ <u>610,080</u>	\$ <u>-</u>
Compensated absences (payable from the General Fund)	\$ <u>412,744</u>	\$ <u>103,186</u>
Total other long-term obligations	\$ <u>11,575,853</u>	\$ <u>582,057</u>
Total long-term obligations	\$ <u><u>61,263,652</u></u>	\$ <u><u>3,429,503</u></u>

The County had no outstanding in-substance defeased debt as of June 30, 2019.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government – Business-type Activities Obligations:**

Annual requirements to amortize long-term debt and related interest are as follows:

Year Ending June 30,	Landfill Fund			
	Direct Borrowings and Direct Placements			
	Revenue Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2020	\$ 560,000	\$ 228,638	\$ 192,746	\$ 8,898
2021	590,000	200,019	112,790	3,979
2022	625,000	168,959	54,275	1,870
2023	655,000	136,259	32,084	931
2024	120,000	116,425	-	-
2025	130,000	110,019	-	-
2026	135,000	103,378	-	-
2027	140,000	96,731	-	-
2028	150,000	90,000	-	-
2029	155,000	83,359	-	-
2030	160,000	76,338	-	-
2031	170,000	68,756	-	-
2032	180,000	60,537	-	-
2033	185,000	52,484	-	-
2034	140,000	45,957	-	-
2035	145,000	40,503	-	-
2036	150,000	34,868	-	-
2037	155,000	29,053	-	-
2038	160,000	23,056	-	-
2039	170,000	16,775	-	-
2040	175,000	10,209	-	-
2041	180,000	3,439	-	-
Total	\$ 5,230,000	\$ 1,795,762	\$ 391,895	\$ 15,678

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government – Business-type Activities Obligations: (Continued)**Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct borrowings and direct placements:		
Revenue bonds:		
VRA 2012A Revenue Bond totaling \$655,000. The obligation is due in varying annual principal installments, and semi-annual interest payments with interest from 3.625% to 5.125% beginning October 1, 2012 through April 1, 2033.	\$ 520,000	\$ 25,000
VRA 2016A Revenue Bond totaling \$5,710,000, issued at a premium of \$856,329. The obligation is due in varying annual principal installments, and semi-annual interest payments with interest from 3.792% to 5.125% beginning October 1, 2017 through April 1, 2041.	<u>4,710,000</u>	<u>535,000</u>
Total direct borrowings and direct placements	\$ <u>5,230,000</u>	\$ <u>560,000</u>
Other long-term obligations:		
Capital leases:		
\$681,832 issued December 15, 2015 for a vehicle and an excavator, due in monthly payments of \$12,125 through November 25, 2020, interest at 2.67%.	\$ 202,053	\$ 141,831
\$259,100 issued December 15, 2017 for the purchase of a bulldozer, due in monthly payments of \$4,679 through November 20, 2022, interest at 3.2%.	<u>189,842</u>	<u>50,915</u>
Total capital leases	\$ <u>391,895</u>	\$ <u>192,746</u>
Unamortized bond premium	\$ <u>672,133</u>	\$ <u>89,778</u>
Landfill closure and post-closure liability	\$ <u>5,681,412</u>	\$ <u>-</u>
Net pension liability	\$ <u>165,308</u>	\$ <u>-</u>
Net OPEB liabilities	\$ <u>28,330</u>	\$ <u>-</u>
Compensated absences	\$ <u>29,724</u>	\$ <u>6,129</u>
Total other long-term obligations	\$ <u>6,968,802</u>	\$ <u>288,653</u>
Total long-term obligations	\$ <u><u>12,198,802</u></u>	\$ <u><u>848,653</u></u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Component Unit – Rockbridge County Public Service Authority:****Changes in long-term Obligations:**

	Balance July 1, 2018	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2019
Direct borrowings and direct placements:				
Revenue bonds	\$ 10,359,586	\$ 195,386	\$ 920,966	\$ 9,634,006
Total direct borrowings and direct placements	\$ 10,359,586	\$ 195,386	\$ 920,966	\$ 9,634,006
Other long-term obligations:				
Advances	\$ 3,057,273	\$ 221,990	\$ -	\$ 3,279,263
Net OPEB liabilities	49,000	8,000	12,000	45,000
Compensated absences	45,993	48,646	45,993	48,646
Total other long-term obligations	\$ 3,152,266	\$ 278,636	\$ 57,993	\$ 3,372,909
Totals	\$ 13,511,852	\$ 474,022	\$ 978,959	\$ 13,006,915

Annual requirements to amortize the long-term bonds payable and the related interest are as follows:

Year Ending June 30,	Direct Borrowings and Direct Placements Revenue Bonds	
	Principal	Interest
2020	\$ 931,818	\$ 126,583
2021	958,533	117,655
2022	970,020	108,312
2023	906,543	98,515
2024	912,101	92,088
2025-2029	2,915,204	357,541
2030-2034	1,048,472	178,073
2035-2039	299,997	84,603
2040-2044	331,521	52,719
2045-2049	359,797	18,244
Total	\$ 9,634,006	\$ 1,234,333

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit – Rockbridge County Public Service Authority: (continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct borrowings and direct placements:		
Revenue bonds:		
\$940,000 Infrastructure Revenue Bonds (Series 2002A) issued through the Virginia Resources Authority, dated June 6, 2002, payable annually through April 1, 2022, interest payable semi-annually at rates ranging from 3.1% to 5.35%.	\$ 200,000	\$ 65,000
\$14,700,000 Sewer System Revenue Bonds, Series 2005 issued through the Virginia Revolving Loan Fund payable through December 31, 2027 in equal installments with no interest. Amount advanced and outstanding at year-end.	5,175,876	690,117
\$2,081,000 Water System Revenue Bonds (Series 2012) issued through the United States Department of Agriculture, dated June 28, 2012, payable annually through June 28, 2052, stated interest rate of 2.0%.	1,730,744	42,701
\$2,461,000 Bank Qualified Sewer System Revenue Bonds, Series 2018 payable through April 1, 2033, with interest at .290% payable in semi-annual installments.	2,332,000	134,000
\$637,000 Water System Revenue Bonds, Series 2018 issued October 30, 2018 issued through the United States Department of Agriculture, payable annually through October 30, 2028, stated interest rate of 2.75%.	195,386	-
Total direct borrowings and direct placements	\$ <u>9,634,006</u>	\$ <u>931,818</u>
Other long-term obligations:		
Advances (payable from the Water Fund):		
Loan from Rockbridge County, dated September 1, 2010. No agreed upon repayment terms.	\$ 3,279,263	-
Compensated absences	48,646	48,646
Net OPEB liabilities	45,000	-
Total other long-term obligations	\$ <u>3,372,909</u>	\$ <u>48,646</u>
Total long-term obligations	\$ <u><u>13,006,915</u></u>	\$ <u><u>980,464</u></u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Component Unit – Rockbridge County Regional Jail Commission:**Changes in long-term Obligations:

	Balance July 1, 2018	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2019
Net OPEB liability (payable from Rockbridge County Regional Jail Commission)	\$ 238,509	\$ 34,569	\$ 51,488	\$ 221,590
Net pension liability (payable from Rockbridge County Regional Jail Commission)	900,708	671,980	818,146	754,542
Compensated Absences (payable from Rockbridge County Regional Jail Commission)	167,228	123,771	41,807	249,192
Total Long-Term Obligations	<u>\$ 1,306,445</u>	<u>\$ 830,320</u>	<u>\$ 911,441</u>	<u>\$ 1,225,324</u>

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Net pension liability	\$ 754,542	\$ -
Net OPEB liability	\$ 221,590	\$ -
Compensated absences	\$ 249,192	\$ 62,298
Total obligations	<u>\$ 1,225,324</u>	<u>\$ 62,298</u>

Component Unit – Rockbridge Area Social Services Board:Changes in long-term Obligations:

	Balance July 1, 2018	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2019
Net OPEB liability (payable from Rockbridge Regional Social Services Board)	\$ 73,000	\$ 19,000	\$ 14,000	\$ 78,000
Compensated Absences (payable from Rockbridge Area Social Services Board)	99,059	58,908	74,294	83,673
Total Long-Term Obligations	<u>\$ 172,059</u>	<u>\$ 77,908</u>	<u>\$ 88,294</u>	<u>\$ 161,673</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Component Unit – Rockbridge Area Social Services Board: (continued)****Details of long-term obligations:**

	Total Amount	Amount Due Within One Year
Net OPEB liability	\$ 78,000	\$ -
Compensated absences	83,673	20,918
Total obligations	<u>\$ 161,673</u>	<u>\$ 20,918</u>

Component Unit-School Board:

The following is a summary of long-term obligation transactions of the School Board Component Unit for the year ended June 30, 2019:

	Balance July 1, 2018		Additions/ Issuances		Deductions/ Retirements		Balance June 30, 2019
Net pension liability	\$ 25,200,297	\$	5,610,857	\$	6,698,346	\$	24,112,808
Net OPEB liabilities	9,726,000		948,000		1,564,000		9,110,000
Compensated absences	223,680		204,443		134,208		293,915
Total	<u>\$ 35,149,977</u>	\$	<u>6,763,300</u>	\$	<u>8,396,554</u>	\$	<u>33,516,723</u>

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Net pension liability (payable from the School Fund)	\$ 24,112,808	\$ -
Net OPEB liabilities	9,110,000	-
Compensated absences (payable from the School Fund)	293,915	73,479
Total long-term obligations	<u>\$ 33,516,723</u>	<u>\$ 73,479</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of creditable service are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	101	104
Inactive members:		
Vested inactive members	18	18
Non-vested inactive members	29	28
Inactive members active elsewhere in VRS	46	21
Total inactive members	93	67
Active members	147	68
Total covered employees	341	239

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Primary Government's contractually required employer contribution rate for the year ended June 30, 2019 was 12.69% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$703,568 and \$679,019 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit Rockbridge Regional Jail Commission's contractually required employer contribution rate for the year ended June 30, 2019 was 12.69% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit Rockbridge Regional Jail Commission were \$197,043 and \$183,844 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 6.46% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$79,542 and \$82,774 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability less that employer's fiduciary net position. The Primary Government's, Component Unit Rockbridge Regional Jail Commission's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Primary Government's, Component Unit Rockbridge Regional Jail Commission's, and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to ages 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Primary Government's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (Continued)

Mortality rates:

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-20104 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (Continued)

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)***Discount Rate***

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) were also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County, Component Unit Rockbridge Regional Jail Commission, and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 26,260,474	\$ 23,304,749	\$ 2,955,725
Changes for the year:			
Service cost	\$ 698,294	\$ -	\$ 698,294
Interest	1,853,927	-	1,853,927
Differences between expected and actual experience	(14,255)	-	(14,255)
Impact of change in proportion	898,819	797,653	101,166
Contributions - employer	-	683,864	(683,864)
Contributions - employee	-	263,176	(263,176)
Net investment income	-	1,779,935	(1,779,935)
Benefit payments, including refunds	(1,349,242)	(1,349,242)	-
Administrative expenses	-	(15,375)	15,375
Other changes	-	(1,581)	1,581
Net changes	\$ 2,087,543	\$ 2,158,430	\$ (70,887)
Balances at June 30, 2018	\$ 28,348,017	\$ 25,463,179	\$ 2,884,838

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability (Continued)

	Component Unit Rockbridge Regional Jail Commission		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 8,002,447	\$ 7,101,739	\$ 900,708
Changes for the year:			
Service cost	\$ 182,642	\$ -	\$ 182,642
Interest	484,903	-	484,903
Differences between expected and actual experience	(3,728)	-	(3,728)
Impact of change in proportion	(898,819)	(797,653)	(101,166)
Contributions - employer	-	178,867	(178,867)
Contributions - employee	-	68,835	(68,835)
Net investment income	-	465,550	(465,550)
Benefit payments, including refunds	(352,900)	(352,900)	-
Administrative expenses	-	(4,022)	4,022
Other changes	-	(413)	413
Net changes	\$ (587,902)	\$ (441,736)	\$ (146,166)
Balances at June 30, 2018	\$ 7,414,545	\$ 6,660,003	\$ 754,542

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 7,480,191	\$ 7,432,894	\$ 47,297
Changes for the year:			
Service cost	\$ 133,335	\$ -	\$ 133,335
Interest	505,893	-	505,893
Differences between expected and actual experience	12,292	-	12,292
Contributions - employer	-	82,778	(82,778)
Contributions - employee	-	63,371	(63,371)
Net investment income	-	540,197	(540,197)
Benefit payments, including refunds	(506,289)	(506,289)	-
Administrative expenses	-	(4,865)	4,865
Other changes	-	(472)	472
Net changes	\$ 145,231	\$ 174,720	\$ (29,489)
Balances at June 30, 2018	\$ 7,625,422	\$ 7,607,614	\$ 17,808

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Primary Government, Component Unit Rockbridge Regional Jail Commission and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the Primary Government's, Component Unit Rockbridge Regional Jail's, and Component Unit School Board's (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability	\$ 6,388,077	\$ 2,884,838	\$ (46,516)
Component Unit Rockbridge Regional Jail Commission Net Pension Liability	\$ 1,670,830	\$ 754,542	\$ (12,166)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 792,127	\$ 17,808	\$ (639,972)

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the Primary Government, Component Unit Rockbridge Regional Jail Commission and Component Unit School Board (nonprofessional) recognized pension expense of \$248,255, \$10,001 and (\$123,150), respectively. At June 30, 2019, the Primary Government, Component Unit Rockbridge Regional Jail Commission and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit Regional Jail Commission		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 210,153	\$ -	\$ 63,585	\$ 4,751	\$ -
Change in assumptions	-	61,693	-	18,800	-	-
Net difference between projected and actual earnings on pension plan investments	-	212,887	-	61,014	-	54,799
Impact of change in proportional allocation	78,914	-	-	78,914	-	-
Employer contributions subsequent to the measurement date	703,568	-	197,043	-	79,542	-
Total	<u>\$ 782,482</u>	<u>\$ 484,733</u>	<u>\$ 197,043</u>	<u>\$ 222,313</u>	<u>\$ 84,293</u>	<u>\$ 54,799</u>

\$703,568, \$197,043 and \$79,542 reported as deferred outflows of resources related to pensions resulting from the Primary Government's, Component Unit Regional Jail Commission's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30,	Primary Government	Component Unit Rockbridge Regional Jail Commission	Component Unit School Board (nonprofessional)
2020	\$ (89,973)	\$ (63,993)	\$ 36,203
2021	(75,899)	(54,141)	(2,644)
2022	(218,460)	(98,559)	(77,069)
2023	(21,487)	(5,620)	(6,538)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information regarding the plan description can be found in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,673,769 and \$2,649,728 for the years ended June 30, 2019 and June 30, 2018, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the school division reported a liability of \$24,095,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .20489% as compared to .20453% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$1,225,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)**Component Unit School Board (professional) (continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,061,000
Change in assumptions	288,000	-
Net difference between projected and actual earnings on pension plan investments	-	511,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	43,000	416,000
Employer contributions subsequent to the measurement date	2,673,769	-
Total	\$ 3,004,769	\$ 2,988,000

\$2,673,769 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2020	\$ (483,000)
2021	(655,000)
2022	(1,122,000)
2023	(312,000)
2024	(85,000)

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan are as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	46,679,555
Plan Fiduciary Net Position		34,919,563
Employers' Net Pension Liability (Asset)	\$	<u>11,759,992</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$	36,805,000	\$	24,095,000
			\$	13,574,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 8—PENSION PLANS: (CONTINUED)**Component Unit School Board (professional) (continued)*****Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board***Aggregate Pension Information***

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Pension Liability (Asset)</u>	<u>Pension Expense</u>
VRS Pension Plans:				
Primary Government	\$ 782,482	\$ 484,733	\$ 2,884,838	\$ 248,255
Component Unit School Board				
School Board Nonprofessional	84,293	54,799	17,808	(123,150)
School Board Professional	3,004,769	2,988,000	24,095,000	1,225,000
Total Component Unit School Board	\$ 3,089,062	\$ 3,042,799	\$ 24,112,808	\$ 1,101,850
Total VRS Pension Plans	\$ 3,871,544	\$ 3,527,532	\$ 26,997,646	\$ 1,350,105

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

The specific information for GLI Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Primary Government contributions to the Group Life Insurance Program were \$29,432 and \$27,029 for the years ended June 30, 2019 and June 30, 2018, respectively. Component Unit Rockbridge Regional Jail Commission contributions to the Group Life Insurance Program were \$8,244 and \$8,239 for the years ended June 30, 2019 and June 30, 2018, respectively. School Board contributions to the Group Life Insurance Program for nonprofessional employees were \$6,742 and \$6,850, for the years ended June 30, 2019 and June 30, 2018 respectively. School Board contributions to the Group Life Insurance Program for professional employees were \$90,624 and \$86,143, for the years ended June 30, 2019 and June 30, 2018 respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB

At June 30, 2019, the Primary Government reported a liability of \$415,410 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was .02734% as compared to 0.02715% at June 30, 2017.

At June 30, 2019, the Component Unit Rockbridge Regional Jail Commission reported a liability of \$126,590 for its proportionate share of the Net GLI OPEB Liability. At June 30, 2018, the participating employer's proportion was .00833% as compared to 0.00827% at June 30, 2017.

At June 30, 2019, the School Board reported liability of \$105,000 for nonprofessional employees and \$1,323,000 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2018 the participating employer's proportion for nonprofessional employees was 0.00693% as compared to 0.00739% at June 30, 2017. At June 30, 2018, the participating employer's proportion for School Board professional employees was 0.08712% as compared to 0.08737% at June 30, 2017.

For the year ended June 30, 2019, the Primary Government recognized GLI OPEB expense of \$4,599, while the Component Unit Rockbridge Regional Jail recognized GLI OPEB expense of \$1,401. The School Board recognized GLI OPEB expense of (\$2,000), and \$6,000 for nonprofessional and professional employees, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (Continued)

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit Rockbridge Regional Jail Commission	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,927	\$ 6,898	\$ 6,073	\$ 2,102
Net difference between projected and actual earnings on GLI OPEB program investments	-	13,796	-	4,204
Change in assumptions	-	17,628	-	5,372
Changes in proportion	7,664	-	2,336	-
Employer contributions subsequent to the measurement date	29,432	-	8,244	-
Total	<u>\$ 57,023</u>	<u>\$ 38,322</u>	<u>\$ 16,653</u>	<u>\$ 11,678</u>

\$29,432 and \$8244 for the Primary Government and Component Unit Rockbridge Regional Jail Commission, respectively were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Primary Government		Component Unit Rockbridge Regional Jail Commission	
Year Ended June 30,		Year Ended June 30,	
2020	\$ (4,598)	2020	\$ (1,402)
2021	(4,598)	2021	(1,402)
2022	(4,598)	2022	(1,402)
2023	(1,533)	2023	(467)
2024	3,832	2024	1,168
Thereafter	764	Thereafter	236

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (Continued)

	Component Unit School Board			
	Nonprofessional Employees		Professional Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,000	\$ 3,000	\$ 65,000	\$ 24,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	3,000	-	43,000
Change in assumptions	-	4,000	-	55,000
Changes in proportion	-	15,000	-	9,000
Employer contributions subsequent to the measurement date	6,742	-	90,624	-
Total	\$ 11,742	\$ 25,000	\$ 155,624	\$ 131,000

\$6,742 and \$90,624 for the School Board nonprofessional and professional employees, respectively were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Component Unit School Board					
Nonprofessional Employees			Professional Employees		
Year Ended June 30,			Year Ended June 30,		
2020	\$	(5,000)	2020	\$	(23,000)
2021		(5,000)	2021		(23,000)
2022		(5,000)	2022		(23,000)
2023		(4,000)	2023		(7,000)
2024		(1,000)	2024		4,000
Thereafter		-	Thereafter		6,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% – 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

Mortality Rates – General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Mortality Rates – SPORS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – SPORS Employees (continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

Mortality Rates – VaLORS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Mortality Rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)***Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Primary Government's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 542,640	\$ 415,410	\$ 311,941
Regional Jail's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 165,360	\$ 126,590	\$ 95,059
School Board's proportionate share of the Group Life Insurance Program Net OPEB Liability-nonprofessional employees	\$ 137,000	\$ 105,000	\$ 79,000
School Board's proportionate share of the Group Life Insurance Program Net OPEB Liability-professional employees	\$ 1,730,000	\$ 1,323,000	\$ 994,000

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC Program OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Program Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$208,029 and \$202,114 for the years ended June 30, 2019 and June 30, 2018, respectively.

Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB

At June 30, 2019, the school division reported a liability of \$2,580,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .20318% as compared to 0.20363% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$206,000. Since there was a change in proportionate share between June 30, 2017 and June 30, 2018, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 13,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	2,000
Change in assumptions	-	22,000
Change in proportion	-	22,000
Employer contributions subsequent to the measurement date	208,029	-
Total	\$ 208,029	\$ 59,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB (Continued)

\$208,029 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2019	\$ (11,000)
2020	(11,000)
2021	(11,000)
2022	(10,000)
2023	(10,000)
Thereafter	(6,000)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation:	
Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,269,674</u>

Plan Fiduciary Net Position as a Percentage
of the Total Teacher Employee HIC OPEB Liability 8.08%

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Net Teacher Employee HIC OPEB Liability (Continued)

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
	*Expected arithmetic nominal return		7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	2,881,000	\$ 2,580,000	\$ 2,323,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 11—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

In addition to the pension benefits described in Note 8, the Primary Government administers a single-employer defined benefit healthcare plan, the County of Rockbridge OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

The School Board also administers a single-employer defined benefit healthcare plan, the Rockbridge County School Board OPEB Plan. Similar to the Rockbridge County OPEB Plan, this plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The School Board plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Primary Government who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits if they have at least 5 years of service with the Primary Government. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits if they have at least 10 years of services with the School Board.

Plan Membership

At July 1, 2018 (the measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit Rockbridge Regional Jail Commission	Component Unit School Board
Total active employees with coverage	121	32	385
Total retirees with coverage	1	2	20
Total	122	34	405

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or the School board for the respective plans. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2019 was \$8,000. The amount paid by the Component Unit Rockbridge Regional Jail Commission during the year ended June 30, 2019 under the County plan was \$6,000.

The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2019 was \$183,000.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 11—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Total OPEB Liability

The County's and School Board's total OPEB liabilities were measured as of July 1, 2018. The total OPEB liabilities were determined by actuarial valuations as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuations for the County and for the School Board were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases	2.5% per year for general salary inflations
Discount Rate	The discount rate has been set to equal 3.62%
Investment Rate of Return	N/A

Mortality rates for Active employees and healthy retirees were based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate has been set to 3.62% and represents the Municipal GO AA 20-year yield curve rate as of June 30, 2018. The final equivalent single discount rate used for this year's valuation is 3.62% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit Rockbridge Regional Jail Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2018	\$ 255,000	\$ 114,000	\$ 5,717,000
Changes for the year:			
Service cost	16,000	7,000	232,000
Interest	10,000	4,000	209,000
Difference between expected and actual experience	(33,000)	(16,000)	(386,000)
Changes in assumptions	(17,000)	(8,000)	(487,000)
Benefit payments	(8,000)	(6,000)	(183,000)
Net changes	(32,000)	(19,000)	(615,000)
Balances at June 30, 2019	\$ 223,000	\$ 95,000	\$ 5,102,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 11—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following amounts present the total OPEB liabilities of the Primary Government, Component Unit Rockbridge Regional Jail Commission, and Component Unit School Board, as well as what the total OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (2.62%) or one percentage point higher (4.62%) than the current discount rate:

Rate			
1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)	
Primary Government			
\$ 246,612	\$ 223,000	\$ 202,012	
Component Unit Rockbridge Regional Jail Commission			
\$ 105,059	\$ 95,000	\$ 86,059	
Component Unit School Board			
\$ 5,540,000	\$ 5,102,000	\$ 4,696,000	

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liabilities of the Primary Government, Component Unit Rockbridge Regional Jail Commission, and Component Unit School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current healthcare cost trend rates:

Rates			
1% Decrease (5.5% decreasing to 4.00%)	Healthcare Cost Trend (6.50% decreasing to 5.00%)	1% Increase (7.5% decreasing to 6.00%)	
Primary Government			
\$ 198,076	\$ 223,000	\$ 252,515	
Component Unit Rockbridge Regional Jail Commission			
\$ 84,382	\$ 95,000	\$ 107,574	
Component Unit School Board			
\$ 4,538,000	\$ 5,102,000	\$ 5,757,000	

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 11—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the Primary Government recognized OPEB expense in the amount of \$20,000. The Component Unit Rockbridge Regional Jail recognized OPEB expense in the amount of \$8,000. The School Board recognized OPEB expense in the amount of \$301,000. At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to Pay as You Go OPEB plan are as follows:

	Primary Government		Component Unit Regional Jail Commission		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 28,859	\$ -	\$ 12,294	\$ -	\$ 322,000
Changes in assumptions	-	13,773	-	5,868	-	406,000
Employer contributions subsequent to the measurement date	8,000	-	6,000	-	183,000	-
Total	<u>\$ 8,000</u>	<u>\$ 42,632</u>	<u>\$ 6,000</u>	<u>\$ 18,162</u>	<u>\$ 183,000</u>	<u>\$ 728,000</u>

\$8,000, \$6,000, and \$183,000 reported as deferred outflows of resources related to OPEB resulting from the Primary Government's, Rockbridge Regional Jail Commission's, and School Board's respective contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the fiscal year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pay as You Go OPEB Plan will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30,	Primary Government	Component Unit Rockbridge Regional Jail Commission	Component Unit School Board (nonprofessional)
2020	\$ (9,839)	\$ (4,191)	\$ (145,000)
2021	(9,839)	(4,191)	(145,000)
2022	(9,839)	(4,191)	(145,000)
2023	(9,839)	(4,191)	(145,000)
2024	(3,276)	(1,398)	(145,000)
Thereafter	-	-	(3,000)

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found on the required supplementary information following the notes to the financial statements.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 12—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES & INFLOWS/OUTFLOWS OF RESOURCES:

Deferred revenue / unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$9,590,582 and \$10,978,447 respectively, is comprised of the following:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 1,387,865
2nd half assessments due in December	9,134,039	9,134,039
Prepaid property taxes due after June 30 but paid in advance by taxpayers	456,543	456,543
Total unavailable/deferred revenue	\$ 9,590,582	\$ 10,978,447

Unearned revenue of the Primary Government is comprised of prepaid Department of Motor Vehicle fees in the amount of \$1,636.

NOTE 13—CONTINGENT LIABILITIES:

Federal programs in which the County participates were audited in accordance with the Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

NOTE 14—DEPOSITS AND INVESTMENTS:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 14—DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments:

Statutes authorize the County and its discretely component units to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, prime quality commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The County investment policy for credit risk is consistent with the investments allowed by statutes as detailed above.

The County and its discretely presented component units rated debt investments as of June 30, 2019 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 20,689,430
SNAP External Investment Pool	824,131
Total	<u>\$ 21,513,561</u>

External Investment Pool

The fair value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

Interest Rate Risk

All County investments must be in securities maturing within five years. Maturities of the County's investments are as follows:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturity</u>
		<u>Less than 1 year</u>
Local Government Investment Pool	\$ 20,689,430	\$ 20,689,430
SNAP External Investment Pool	824,131	824,131
Total	<u>\$ 21,513,561</u>	<u>\$ 21,513,561</u>

NOTE 15—RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 16—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2019 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,790,211	\$ -	\$ -	\$ 1,790,211
Construction in progress	5,582,389	402,564	(5,925,772)	59,181
Total capital assets not being depreciated	\$ 7,372,600	\$ 402,564	\$ (5,925,772)	\$ 1,849,392
Capital assets being depreciated:				
Buildings and improvements	\$ 78,329,109	\$ 5,973,782	\$ (2,487,057)	\$ 81,815,834
Machinery and equipment	3,683,576	257,972	-	3,941,548
Total capital assets being depreciated	\$ 82,012,685	\$ 6,231,754	\$ (2,487,057)	\$ 85,757,382
Accumulated depreciation:				
Buildings and improvements	\$ (15,027,858)	\$ (1,456,801)	\$ -	\$ (16,484,659)
Machinery and equipment	(2,617,372)	(303,265)	-	(2,920,637)
Total accumulated depreciation	\$ (17,645,230)	\$ (1,760,066)	\$ -	\$ (19,405,296)
Total capital assets being depreciated, net	\$ 64,367,455	\$ 4,471,688	\$ (2,487,057)	\$ 66,352,086
Governmental activities capital assets, net	\$ 71,740,055	\$ 4,874,252	\$ (8,412,829)	\$ 68,201,478
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 531,037	\$ -	\$ -	\$ 531,037
Total capital assets not being depreciated	\$ 531,037	\$ -	\$ -	\$ 531,037
Capital assets being depreciated:				
Buildings and improvements	\$ 8,201,153	\$ 73,168	\$ -	\$ 8,274,321
Machinery and equipment	2,042,305	315,647	(309,136)	2,048,816
Total capital assets being depreciated	\$ 10,243,458	\$ 388,815	\$ (309,136)	\$ 10,323,137
Accumulated depreciation:				
Buildings and improvements	\$ (1,207,663)	\$ (273,655)	\$ -	\$ (1,481,318)
Machinery and equipment	(852,724)	(261,079)	216,395	(897,408)
Total accumulated depreciation	\$ (2,060,387)	\$ (534,734)	\$ 216,395	\$ (2,378,726)
Total capital assets being depreciated, net	\$ 8,183,071	\$ (145,919)	\$ (92,741)	\$ 7,944,411
Business-type activities capital assets, net	\$ 8,714,108	\$ (145,919)	\$ (92,741)	\$ 8,475,448

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 16—CAPITAL ASSETS: (CONTINUED)**Primary Government: (continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government administration	\$ 1,064,839
Judicial administration	12,288
Public safety	238,579
Public works	75,422
Parks, recreation, and cultural	11,876
Education	357,062
Total depreciation expense-governmental activities	\$ <u>1,760,066</u>
Business-type activities:	
Blue Ridge Resource Authority	\$ <u>534,734</u>
Total depreciation expense-business-type activities	\$ <u>534,734</u>

Discretely Presented Component Unit-School Board:

Capital asset activity for the School Board for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 117,555	\$ -	\$ -	\$ 117,555
Construction in progress	<u>251,104</u>	<u>1,283,463</u>	<u>(1,451,319)</u>	<u>83,248</u>
Total capital assets not being depreciated	\$ <u>368,659</u>	\$ <u>1,283,463</u>	\$ <u>(1,451,319)</u>	\$ <u>200,803</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 41,077,089	\$ 3,511,223	\$ -	\$ 44,588,312
Machinery and equipment	<u>7,012,604</u>	<u>1,194,862</u>	<u>-</u>	<u>8,207,466</u>
Total capital assets being depreciated	\$ <u>48,089,693</u>	\$ <u>4,706,085</u>	\$ <u>-</u>	\$ <u>52,795,778</u>
Accumulated depreciation:				
Buildings and improvements	\$ (21,308,187)	\$ (1,564,685)	\$ -	\$ (22,872,872)
Machinery and equipment	<u>(4,900,500)</u>	<u>(654,818)</u>	<u>-</u>	<u>(5,555,318)</u>
Total accumulated depreciation	\$ <u>(26,208,687)</u>	\$ <u>(2,219,503)</u>	\$ <u>-</u>	\$ <u>(28,428,190)</u>
Total capital assets being depreciated, net	\$ <u>21,881,006</u>	\$ <u>2,486,582</u>	\$ <u>-</u>	\$ <u>24,367,588</u>
School Board capital assets, net	\$ <u>22,249,665</u>	\$ <u>3,770,045</u>	\$ <u>(1,451,319)</u>	\$ <u>24,568,391</u>

Depreciation expense for the year ended June 30, 2019 was \$2,219,503.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 16—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit—School Board: (continued)

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local government on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Rockbridge, Virginia for the year ended June 30, 2019, is that school financed assets in the amount of \$38,996,846 are reported in the Primary Government for financial reporting purposes.

Discretely Presented Component Unit—Rockbridge Area Social Services Board:

Capital asset activity for the Social Services Board for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Ending Balance
Capital assets being depreciated:			
Equipment	\$ 99,596	\$ -	\$ 99,596
Vehicle	94,873	-	94,873
Furniture and fixtures	8,857	-	8,857
Total capital assets being depreciated	\$ 203,326	\$ -	\$ 203,326
Accumulated depreciation:			
Equipment	\$ (85,255)	\$ (4,781)	\$ (90,036)
Vehicle	(91,331)	(4,367)	(95,698)
Furniture and fixtures	(8,857)	-	(8,857)
Total accumulated depreciation	\$ (185,443)	\$ (9,148)	\$ (194,591)
Net capital assets	\$ 17,883	\$ (9,148)	\$ 8,735

Depreciation expense for the year ended June 30, 2019 was \$9,148.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 16—CAPITAL ASSETS: (CONTINUED)**Component Unit—Rockbridge Regional Jail Commission:**

A summary of capital assets is summarized below:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings and improvements	\$ 6,000,623	\$ -	\$ -	\$ 6,000,623
Machinery and equipment	603,618	11,000	-	614,618
Total capital assets being depreciated	\$ 6,604,241	\$ 11,000	\$ -	\$ 6,615,241
Accumulated depreciation:				
Buildings and improvements	\$ (3,145,663)	\$ (150,014)	\$ -	\$ (3,295,677)
Machinery and equipment	(505,576)	(24,640)	-	(530,216)
Total accumulated depreciation	\$ (3,651,239)	\$ (174,654)	\$ -	\$ (3,825,893)
Total capital assets being depreciated, net	\$ 2,953,002	\$ (163,654)	\$ -	\$ 2,789,348
Jail Commission capital assets, net	\$ 2,953,002	\$ (163,654)	\$ -	\$ 2,789,348

Depreciation expense for the year ended June 30, 2019 totaled \$174,654.

Component Unit—Rockbridge County Public Service Authority:

A summary of changes in capital assets for the year ended June 30, 2019 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 410,596	\$ -	\$ -	\$ 410,596
Construction in progress	165,001	1,297,295	-	1,462,296
Total capital assets not being depreciated	\$ 575,597	\$ 1,297,295	\$ -	\$ 1,872,892
Capital assets being depreciated:				
Buildings and improvements	\$ 176,866	\$ -	\$ -	\$ 176,866
Machinery and equipment	758,377	4,250	-	762,627
Utility plant and equipment	36,995,142	21,818	-	37,016,960
Capital assets being depreciated	\$ 37,930,385	\$ 26,068	\$ -	\$ 37,956,453
Accumulated depreciation				
Buildings and improvements	\$ (118,589)	\$ (3,843)	\$ -	\$ (122,432)
Machinery and equipment	(653,675)	(40,426)	-	(694,101)
Utility plant and equipment	(14,914,204)	(881,549)	-	(15,795,753)
Total accumulated depreciation	\$ (15,686,468)	\$ (925,818)	\$ -	\$ (16,612,286)
Capital assets being depreciated, net	\$ 22,243,917	\$ (899,750)	\$ -	\$ 21,344,167
Capital assets, net Public Service Authority	\$ 22,819,514	\$ 397,545	\$ -	\$ 23,217,059

Depreciation expense for the fiscal year totaled \$925,818.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 17—ADVANCES TO/FROM PARTICIPATING ENTITIES:

The general fund has established an asset for advances to other entities in the amount of \$3,883,048. This is comprised of advances to the component unit Rockbridge County Public Service Authority, Rockbridge Area Net Authority and the Blue Ridge Resource Authority in the amounts of \$3,279,263, \$253,785, and \$350,000, respectively.

The Blue Ridge Resource Authority has established a liability for advances from participating localities as follows:

	Balance July 1, 2018	Increase (Decrease)	Balance June 30, 2019
Rockbridge County	\$ 350,000	\$ -	\$ 350,000
Total	\$ 350,000	\$ -	\$ 350,000

NOTE 18—LANDFILL CLOSURE AND POST-CLOSURE CARE COST:

The Blue Ridge Resource Authority owns the only permitted landfill site within the County of Rockbridge. The Cities of Lexington and Buena Vista also use the landfill site. Landfill costs are prorated to each jurisdiction based on tonnage of solid waste accepted each month. The Blue Ridge Resource Authority is responsible for the management and operation of the landfill. Rockbridge County's share of tonnage has historically been approximately 70%, the City of Lexington's share has been approximately 20%, and Buena Vista's approximately 10%.

State and federal laws and regulations require the Blue Ridge Resource Authority to place a final cover on the landfill site when it is filled to capacity or stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Blue Ridge Resource Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity at each balance sheet date.

The landfill began operation during 1972 and reached capacity during fiscal year 2018. The Authority constructed a new landfill cell that began operations on July 1, 2017. The \$5,681,412 reported as accrued closure and post-closure liability at June 30, 2019 represents the cumulative amount reported for closure and post closure of the landfill which has reached full capacity(\$4,221,386), and the estimated closure and post closure liability for the new landfill cell based on the estimated use of capacity as of June 30, 2019 (approximately 33.5%, or \$1,460,026). The estimated total current cost of the landfill closure and post-closure care of \$8,579,673 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Blue Ridge Resource Authority intends to fund these costs from tipping revenues and from any funds derived and accumulated for this purpose in the upcoming years.

The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Assurance Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 19—DUE TO OTHER GOVERNMENTS:

During fiscal year 2013 the County entered into an agreement with the City of Buena Vista, Virginia and the City of Lexington, Virginia in order to fund certain renovation improvements to the Rockbridge County Regional Jail. The agreement stipulates that each locality shall be responsible for a portion of the debt issued to finance the project. The City of Lexington serves as fiscal agent for the project and as such, will pay the annual debt service through April 2028. The participating localities will reimburse the City of Lexington for the debt service. As of June 30, 2019, the portion of the debt allocable to the County of Rockbridge, Virginia amounted to \$699,641.

The Component Unit Rockbridge Area Social Services Board reported a balance due to the Cities of Buena Vista and Lexington of \$71,973 as of June 30, 2019, which represents the net balance owed to the two Cities. The balance due to the Cities consists of administrative costs due from the Cities of \$12,121 and CSA pool reimbursements due to the Cities of \$84,094.

NOTE 20—SURETY BONDS:

The County had the following surety bonds on hand at June 30, 2019:

	Amount
Department of Treasury - Division of Risk Management	
Michelle M. Trout, Clerk of the Circuit Court	\$ 230,000
Betty S. Trovato, Treasurer	400,000
David C. Whitesell, Commissioner of the Revenue	3,000
Christopher J. Blalock, Sheriff	30,000
Above constitutional officers' employees-blanket bond	50,000
VACORP	
Rhonda Humphries, Clerk of the School Board	250,000
Blanket position - all employees	250,000

NOTE 21—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2019 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 10,702	\$ 576,891
School Capital Projects Fund	-	-
County Capital Projects Fund	576,891	-
Landfill Fund	-	10,702
Total	\$ 587,593	\$ 587,593

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 22—SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES:

	Enterprise Fund
	Landfill
	Fund
Operating revenue	\$ 2,381,473
Depreciation and amortization	534,734
Operating income (loss)	361,881
Property, plant and equipment additions	388,815
Net working capital	328,400
Total assets	15,124,591
Long-term liabilities	11,350,149
Net position	2,126,389

NOTE 23—CAPITAL LEASES:

The government has financed the acquisition of landfill equipment and school energy improvements by means of capital leases. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at their present values of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental	Business-type
	Activities	Activities
Assets:		
Machinery and equipment	\$ -	\$ 936,931
Construction in progress-School energy project	5,236,000	-
Accumulated depreciation	(86,438)	(379,584)
Total	\$ 5,149,562	\$ 557,347

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2019, are as follows:

Year Ended June 30,	Governmental	Business-type
	Activities	Activities
2020	\$ 394,300	\$ 201,644
2021	405,770	116,769
2022	413,814	56,145
2023	422,503	33,015
2024	405,813	-
Thereafter	3,898,805	-
Amount representing interest	(956,361)	(15,678)
Present value of minimum lease payments	\$ 4,984,644	\$ 391,895

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 24—COMMITMENTS AND CONTINGENCIES:

The County and the City of Lexington entered into a modified voluntary settlement of Annexation and Immunity Agreement on May 6, 1986. This agreement is based on real estate assessed values and on non-property local taxes. The amount due the City of Lexington is payable on January 1 of each year. Included in these financial statements is the payment for the year ended June 30, 2018 in the amount of \$1,907,141. The amount to be paid on January 1, 2020, and which is not included in the financial statements, totals \$1,930,638 for the fiscal year ended June 30, 2019.

The County has guaranteed debt issued by the Maury Service Authority (MSA) for the construction and upgrades of its current wastewater treatment plant. The MSA's debt totaled \$3,876,103 as of June 30, 2019 and is scheduled to be completely retired by June 2031. The County paid \$161,504 to the MSA in fiscal year 2019 for half of the debt service, the City of Lexington pays an equal assessment. The annual assessment will remain the same for fiscal years 2019 to 2031.

The County along with the Cities of Lexington and Buena Vista, have entered into an agreement with the Rockbridge Regional Public Safety Communications Center, for the purpose of providing contributions for the payment of debt associated with its radio upgrade project through June 30, 2030. Each locality will contribute a percentage of the total cost of the upgrade based upon its annual assessed value of real estate. The County of Rockbridge is serving as fiscal agent for the radio upgrade project. The amount owed by the Rockbridge Regional Public Safety Communications Center on the capital lease obligations at June 30, 2019 was \$6,112,781 and an annual payment of \$757,744 will be paid by the Center through June 2030.

NOTE 25—UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

NOTE 26—CONSTRUCTION CONTRACTS OUTSTANDING:

The Primary Government had the following material construction contract outstanding as of June 30, 2019:

Project	Contractor	Original Contract Amount	Amount Spent to Date	Amount of Contract Remaining at Year End
Primary Government:				
Phase 1 Closure - Landfill Permit 75	T&K Construction, LLC	\$ 2,511,281	\$ 328,045	\$ 2,183,236
Total Primary Government		\$ 2,511,281	\$ 328,045	\$ 2,183,236

NOTE 27—LITIGATION:

At June 30, 2019, there were no matters of litigation involving the County for which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with principles
generally accepted in the United States of America

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 25,615,866	\$ 25,502,508	\$ 26,821,285	\$ 1,318,777
Other local taxes	9,053,710	9,053,710	9,346,038	292,328
Permits, privilege fees, and regulatory licenses	206,350	206,350	341,802	135,452
Fines and forfeitures	600,685	600,685	572,049	(28,636)
Revenue from the use of money and property	172,000	172,000	472,374	300,374
Charges for services	832,805	832,805	1,014,250	181,445
Miscellaneous	1,158,602	1,158,602	1,236,036	77,434
Recovered costs	414,986	414,986	499,845	84,859
Intergovernmental:				
Commonwealth	5,128,305	5,128,305	5,408,397	280,092
Federal	155,063	155,063	589,109	434,046
Total revenues	<u>\$ 43,338,372</u>	<u>\$ 43,225,014</u>	<u>\$ 46,301,185</u>	<u>\$ 3,076,171</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,989,197	\$ 1,992,812	\$ 2,029,406	\$ (36,594)
Judicial administration	1,582,033	1,691,712	1,661,334	30,378
Public safety	9,560,773	9,824,728	9,924,315	(99,587)
Public works	3,313,320	3,452,813	3,281,203	171,610
Health and welfare	1,517,230	2,284,471	1,821,605	462,866
Education	14,304,218	14,304,065	14,278,558	25,507
Parks, recreation, and cultural	1,498,774	1,527,423	1,434,036	93,387
Community development	2,782,740	3,683,149	3,292,580	390,569
Nondepartmental	2,024,315	1,948,123	1,913,840	34,283
Debt service:				
Principal retirement	2,876,828	2,876,909	2,876,909	-
Interest and other fiscal charges	2,215,026	2,213,598	2,287,550	(73,952)
Total expenditures	<u>\$ 43,664,454</u>	<u>\$ 45,799,803</u>	<u>\$ 44,801,336</u>	<u>\$ 998,467</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (326,082)</u>	<u>\$ (2,574,789)</u>	<u>\$ 1,499,849</u>	<u>\$ 4,074,638</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 10,702	\$ 10,702
Transfers out	(570,896)	(576,891)	(576,891)	-
Total other financing sources (uses)	<u>\$ (570,896)</u>	<u>\$ (576,891)</u>	<u>\$ (566,189)</u>	<u>\$ 10,702</u>
Net change in fund balances	\$ (896,978)	\$ (3,151,680)	\$ 933,660	\$ 4,085,340
Fund balances - beginning	896,978	3,151,680	25,861,561	22,709,881
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,795,221</u>	<u>\$ 26,795,221</u>

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 698,294	\$ 654,412	\$ 619,348	\$ 621,092	\$ 574,316
Interest	1,853,927	1,753,002	1,679,621	1,589,147	1,511,082
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(14,255)	(437,725)	(76,498)	56,853	-
Impact of change in proportion	898,819	(18,739)	128,010	-	-
Changes in assumptions	-	(147,979)	-	-	-
Benefit payments, including refunds of employee contributions	(1,349,242)	(1,208,237)	(1,102,628)	(1,102,599)	(837,782)
Net change in total pension liability	\$ 2,087,543	\$ 594,734	\$ 1,247,853	\$ 1,164,493	\$ 1,247,616
Total pension liability - beginning	26,260,474	25,665,740	24,417,887	23,253,394	22,005,778
Total pension liability - ending (a)	\$ 28,348,017	\$ 26,260,474	\$ 25,665,740	\$ 24,417,887	\$ 23,253,394
Plan fiduciary net position					
Contributions - employer	\$ 683,864	\$ 638,526	\$ 671,338	\$ 646,121	\$ 615,640
Contributions - employee	263,176	251,702	237,691	229,869	230,640
Impact of change in proportion	797,653	(15,398)	109,171	-	-
Net investment income	1,779,935	2,565,014	363,336	921,330	2,750,491
Benefit payments, including refunds of employee contributions	(1,349,242)	(1,208,237)	(1,102,628)	(1,102,599)	(837,782)
Administrative expense	(15,375)	(14,829)	(12,951)	(12,651)	(14,663)
Other	(1,581)	(2,278)	(153)	(194)	145
Net change in plan fiduciary net position	\$ 2,158,430	\$ 2,214,500	\$ 265,804	\$ 681,876	\$ 2,744,471
Plan fiduciary net position - beginning	23,304,749	21,090,249	20,824,445	20,142,569	17,398,098
Plan fiduciary net position - ending (b)	\$ 25,463,179	\$ 23,304,749	\$ 21,090,249	\$ 20,824,445	\$ 20,142,569
County's net pension liability - ending (a) - (b)	\$ 2,884,838	\$ 2,955,725	\$ 4,575,491	\$ 3,593,442	\$ 3,110,825
Plan fiduciary net position as a percentage of the total pension liability	89.82%	88.74%	82.17%	85.28%	86.62%
Covered payroll	\$ 5,337,294	\$ 5,026,772	\$ 4,811,564	\$ 4,611,013	\$ 4,613,775
County's net pension liability as a percentage of covered payroll	54.05%	58.80%	95.09%	77.93%	67.42%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit Rockbridge Regional Jail Commission
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 182,642	\$ 199,421	\$ 188,146	\$ 192,921	\$ 178,392
Interest	484,903	534,198	510,237	493,614	469,366
Differences between expected and actual experience	(3,728)	(133,390)	(23,239)	17,662	-
Impact of change in proportion	(898,819)	18,739	(128,010)	-	-
Changes in assumptions	-	(45,094)	-	-	-
Benefit payments, including refunds of employee contributions	(352,900)	(368,190)	(334,957)	(342,487)	(260,228)
Net change in total pension liability	\$ (587,902)	\$ 205,684	\$ 212,177	\$ 361,710	\$ 387,530
Total pension liability - beginning	8,002,447	7,796,763	7,584,586	7,222,876	6,835,346
Total pension liability - ending (a)	\$ 7,414,545	\$ 8,002,447	\$ 7,796,763	\$ 7,584,586	\$ 7,222,876
Plan fiduciary net position					
Contributions - employer	\$ 178,867	\$ 194,580	\$ 203,940	\$ 200,696	\$ 191,228
Contributions - employee	68,835	76,702	72,206	71,401	71,641
Impact of change in proportion	(797,653)	15,398	(109,171)	-	-
Net investment income	465,550	781,646	110,374	286,180	854,346
Benefit payments, including refunds of employee contributions	(352,900)	(368,190)	(334,957)	(342,487)	(260,228)
Administrative expense	(4,022)	(4,519)	(3,934)	(3,929)	(4,555)
Other	(413)	(694)	(48)	(59)	45
Net change in plan fiduciary net position	\$ (441,736)	\$ 694,923	\$ (61,590)	\$ 211,802	\$ 852,477
Plan fiduciary net position - beginning	7,101,739	6,406,816	6,468,406	6,256,604	5,404,127
Plan fiduciary net position - ending (b)	\$ 6,660,003	\$ 7,101,739	\$ 6,406,816	\$ 6,468,406	\$ 6,256,604
Commission's net pension liability - ending (a) - (b)	\$ 754,542	\$ 900,708	\$ 1,389,947	\$ 1,116,180	\$ 966,272
Plan fiduciary net position as a percentage of the total pension liability	89.82%	88.74%	82.17%	85.28%	86.62%
Covered payroll	\$ 1,445,076	\$ 1,506,551	\$ 1,453,599	\$ 1,430,478	\$ 1,433,493
County's net pension liability as a percentage of covered payroll	52.21%	59.79%	95.62%	78.03%	67.41%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 133,335	\$ 143,236	\$ 157,219	\$ 152,653	\$ 164,187
Interest	505,893	511,555	509,337	497,766	486,051
Differences between expected and actual experience	12,292	(192,440)	(139,545)	8,852	-
Changes in assumptions	-	(42,518)	-	-	-
Benefit payments, including refunds of employee contributions	(506,289)	(495,127)	(495,531)	(492,430)	(473,306)
Net change in total pension liability	\$ 145,231	\$ (75,294)	\$ 31,480	\$ 166,841	\$ 176,932
Total pension liability - beginning	<u>7,480,191</u>	<u>7,555,485</u>	<u>7,524,005</u>	<u>7,357,164</u>	<u>7,180,232</u>
Total pension liability - ending (a)	<u>\$ 7,625,422</u>	<u>\$ 7,480,191</u>	<u>\$ 7,555,485</u>	<u>\$ 7,524,005</u>	<u>\$ 7,357,164</u>
Plan fiduciary net position					
Contributions - employer	\$ 82,778	\$ 86,267	\$ 121,091	\$ 131,850	\$ 129,936
Contributions - employee	63,371	65,822	70,323	76,599	77,165
Net investment income	540,197	827,254	117,293	317,602	988,120
Benefit payments, including refunds of employee contributions	(506,289)	(495,127)	(495,531)	(492,430)	(473,306)
Administrative expense	(4,865)	(5,013)	(4,548)	(4,567)	(5,498)
Other	(472)	(726)	(51)	(65)	52
Net change in plan fiduciary net position	\$ 174,720	\$ 478,477	\$ (191,423)	\$ 28,989	\$ 716,469
Plan fiduciary net position - beginning	<u>7,432,894</u>	<u>6,954,417</u>	<u>7,145,840</u>	<u>7,116,851</u>	<u>6,400,382</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,607,614</u>	<u>\$ 7,432,894</u>	<u>\$ 6,954,417</u>	<u>\$ 7,145,840</u>	<u>\$ 7,116,851</u>
School Division's net pension liability - ending (a) - (b)	\$ 17,808	\$ 47,297	\$ 601,068	\$ 378,165	\$ 240,313
Plan fiduciary net position as a percentage of the total pension liability	99.77%	99.37%	92.04%	94.97%	96.73%
Covered payroll	\$ 1,317,307	\$ 1,362,550	\$ 1,446,451	\$ 1,574,193	\$ 1,544,639
School Division's net pension liability as a percentage of covered payroll	1.35%	3.47%	41.55%	24.02%	15.56%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.20489%	0.20453%	0.20544%	0.20958%	0.20944%
Employer's Proportionate Share of the Net Pension Liability	\$ 24,095,000	\$ 25,153,000	\$ 28,790,000	\$ 26,379,000	\$ 25,310,000
Employer's Covered Payroll	\$ 16,565,935	\$ 15,627,937	\$ 15,676,290	\$ 15,582,993	\$ 15,316,106
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	145%	161%	184%	169%	165%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions - Pension
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 703,568	\$ 703,568	\$ -	\$ 5,692,685	12.36%
2018	679,019	679,019	-	5,337,294	12.72%
2017	641,341	641,341	-	5,026,772	12.76%
2016	671,338	671,338	-	4,811,564	13.95%
2015	646,121	646,121	-	4,611,013	14.01%
2014	615,640	615,640	-	4,613,775	13.34%
2013	579,970	579,970	-	4,347,599	13.34%
2012	380,317	380,317	-	3,485,953	10.91%
2011	375,377	375,377	-	3,440,667	10.91%
2010	354,062	354,062	-	3,590,890	9.86%
Component Unit Rockbridge Regional Jail Commission					
2019	\$ 197,043	\$ 197,043	\$ -	\$ 1,552,742	12.69%
2018	183,844	183,844	-	1,445,076	12.72%
2017	194,797	194,797	-	1,506,551	12.93%
2016	203,940	203,940	-	1,453,599	14.03%
2015	200,696	200,696	-	1,430,478	14.03%
2014	191,228	191,228	-	1,433,493	13.34%
2013	182,280	182,280	-	1,366,417	13.34%
2012	200,659	200,659	-	1,839,221	10.91%
2011	213,292	213,292	-	1,955,014	10.91%
2010	201,864	201,864	-	2,047,302	9.86%
Component Unit School Board (nonprofessional)					
2019	\$ 79,542	\$ 79,542	\$ -	\$ 1,296,532	6.13%
2018	82,774	82,774	-	1,317,307	6.28%
2017	83,249	83,249	-	1,362,550	6.11%
2016	121,091	121,091	-	1,446,451	8.37%
2015	131,850	131,850	-	1,574,193	8.38%
2014	129,936	129,936	-	1,544,639	8.41%
2013	128,535	128,535	-	1,610,712	7.98%
2012	67,071	67,071	-	1,510,607	4.44%
2011	65,100	65,100	-	1,466,226	4.44%
2010	66,774	66,774	-	1,474,046	4.53%
Component Unit School Board (professional)					
2019	\$ 2,673,769	\$ 2,673,769	\$ -	\$ 17,360,465	15.40%
2018	2,649,728	2,649,728	-	16,565,935	16.00%
2017	2,325,915	2,325,915	-	15,627,937	14.88%
2016	2,202,239	2,202,239	-	15,676,290	14.05%
2015	2,259,447	2,259,447	-	15,582,993	14.50%
2014	1,785,858	1,785,858	-	15,316,106	11.66%
2013	1,807,378	1,807,378	-	15,500,669	11.66%
2012	943,498	943,498	-	14,905,182	6.33%
2011	577,090	577,090	-	14,684,224	3.93%
2010	976,426	976,426	-	14,777,541	6.61%

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

Notes to Required Supplementary Information - Pension
For the Year Ended June 30, 2019

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Schedule of County's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates of June 30, 2017 through June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2018	0.02734%	\$ 415,410	\$ 5,198,008	7.99%	51.22%
2017	0.02715%	408,491	5,007,139	8.16%	48.86%
Component Unit Rockbridge Regional Jail Commission					
2018	0.00833%	\$ 126,590	\$ 1,584,362	7.99%	51.22%
2017	0.00827%	124,508	1,526,184	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2018	0.00693%	\$ 105,000	\$ 1,317,307	7.97%	51.22%
2017	0.00739%	111,000	1,362,550	8.15%	48.86%
Component Unit School Board (professional)					
2018	0.08712%	\$ 1,323,000	\$ 16,565,935	7.99%	51.22%
2017	0.08737%	1,315,000	16,114,873	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Group Life Insurance Program
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 29,432	\$ 29,432	\$ -	\$ 5,692,685	0.52%
2018	27,029	27,029	-	5,198,008	0.52%
2017	26,037	26,037	-	5,007,139	0.52%
2016	23,009	23,009	-	4,747,455	0.48%
2015	22,154	22,154	-	4,584,028	0.48%
2014	22,140	22,140	-	4,584,533	0.48%
2013	20,868	20,868	-	4,300,180	0.49%
2012	11,300	11,300	-	3,975,940	0.28%
2011	11,354	11,354	-	4,016,065	0.28%
2010	8,729	8,729	-	2,859,186	0.31%
Component Unit Rockbridge Regional Jail Commission					
2019	\$ 8,244	\$ 8,244	\$ -	\$ 1,552,742	0.53%
2018	8,239	8,239	-	1,584,362	0.52%
2017	7,936	7,936	-	1,526,184	0.52%
2016	7,087	7,087	-	1,522,515	0.47%
2015	6,893	6,893	-	1,467,340	0.47%
2014	6,887	6,887	-	1,462,735	0.47%
2013	6,559	6,559	-	1,413,836	0.46%
2012	3,610	3,610	-	1,349,234	0.27%
2011	3,754	3,754	-	1,379,616	0.27%
2010	2,754	2,754	-	1,393,773	0.20%
Component Unit School Board (nonprofessional)					
2019	\$ 6,742	\$ 6,742	\$ -	\$ 1,296,532	0.52%
2018	6,850	6,850	-	1,317,307	0.52%
2017	7,085	7,085	-	1,362,550	0.52%
2016	6,943	6,943	-	1,446,451	0.48%
2015	7,556	7,556	-	1,574,193	0.48%
2014	7,445	7,445	-	1,551,105	0.48%
2013	7,731	7,731	-	1,610,712	0.48%
2012	4,230	4,230	-	1,510,607	0.28%
2011	4,105	4,105	-	1,466,226	0.28%
2010	2,885	2,885	-	1,068,632	0.27%
Component Unit School Board (professional)					
2019	\$ 90,624	\$ 90,624	\$ -	\$ 17,427,756	0.52%
2018	86,143	86,143	-	16,565,935	0.52%
2017	83,797	83,797	-	16,114,873	0.52%
2016	75,872	75,872	-	15,806,765	0.48%
2015	74,962	74,962	-	15,617,116	0.48%
2014	74,052	74,052	-	15,427,427	0.48%
2013	74,403	74,403	-	15,500,666	0.48%
2012	41,781	41,781	-	14,921,938	0.28%
2011	41,116	41,116	-	14,684,232	0.28%
2010	29,925	29,925	-	15,593,526	0.19%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019 (Continued)**JRS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Program
For the Measurement Dates of June 30, 2017 through June 30, 2018

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2018	0.20318% \$	2,580,000 \$	16,431,998	15.70%	8.08%
2017	0.20363%	2,583,000	16,070,160	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available.
However, additional years will be included as they become available.

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Program
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2019	\$ 208,029	\$ 208,029	\$ -	\$ 17,335,774		1.20%
2018	202,114	202,114	-	16,431,998		1.23%
2017	178,379	178,379	-	16,070,160		1.11%
2016	166,037	166,037	-	15,663,859		1.06%
2015	165,173	165,173	-	15,582,395		1.06%
2014	170,009	170,009	-	15,316,109		1.11%
2013	172,132	172,132	-	15,507,352		1.11%
2012	89,491	89,491	-	14,915,188		0.60%
2011	88,105	88,105	-	14,684,232		0.60%
2010	115,265	115,265	-	15,596,723		0.74%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Program
For the Year Ended June 30, 2019

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 16,000	\$ 15,000
Interest	10,000	9,000
Changes in assumptions	(17,000)	-
Differences between expected and actual experience	(33,000)	-
Benefit payments	(8,000)	(9,000)
Net change in total OPEB liability	\$ (32,000)	\$ 15,000
Total OPEB liability - beginning	255,000	240,000
Total OPEB liability - ending	<u>\$ 223,000</u>	<u>\$ 255,000</u>
 Covered payroll	 \$ 5,692,685	 \$ 4,685,340
 County's total OPEB liability (asset) as a percentage of covered payroll	 3.92%	 5.44%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit Rockbridge Regional Jail Commission
 For the Measurement Dates of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 7,000	\$ 7,000
Interest	4,000	4,000
Changes in assumptions	(8,000)	-
Differences between expected and actual experience	(16,000)	-
Benefit payments	(6,000)	(5,000)
Net change in total OPEB liability	\$ (19,000)	\$ 6,000
Total OPEB liability - beginning	114,000	108,000
Total OPEB liability - ending	<u>\$ 95,000</u>	<u>\$ 114,000</u>
 Covered payroll	 \$ 1,552,742	 \$ 2,191,530
 Commissions's total OPEB liability (asset) as a percentage of covered payroll	 6.12%	 5.20%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Measurement Dates of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 232,000	\$ 226,000
Interest	209,000	200,000
Changes in assumptions	(487,000)	-
Differences between expected and actual experience	(386,000)	-
Benefit payments	(183,000)	(179,000)
Net change in total OPEB liability	\$ (615,000)	\$ 247,000
Total OPEB liability - beginning	<u>5,717,000</u>	<u>5,470,000</u>
Total OPEB liability - ending	<u><u>\$ 5,102,000</u></u>	<u><u>\$ 5,717,000</u></u>
 Covered payroll	 \$ 17,360,465	 \$ 16,781,000
 School Board's total OPEB liability (asset) as a percentage of covered payroll	 29.39%	 34.07%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Notes to Required Supplementary Information - OPEB
For the Year Ended June 30, 2019

Valuation Date: 7/1/2018
Measurement Date: 7/1/2018

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.62% which represents the Municipal GO AA 20-year yield curve rate as of June 30, 2018
Inflation	2.50% per year
Healthcare Trend Rate - School Board	The healthcare trend rate assumption starts at 7.0% in 2019, gradually decreasing 0.50% per year to an ultimate rate of 5.00%
Healthcare Trend Rate - Primary Government and Jail	The healthcare trend rate assumption starts at 0% in 2019, then 6.50% for fiscal year end 2020, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.5% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	Mortality is based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018

OTHER SUPPLEMENTARY INFORMATION

County of Rockbridge, Virginia
County Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

Exhibit 28

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Capital projects	\$ 1,126,861	\$ 1,566,537	\$ 756,315	\$ 810,222
Total expenditures	\$ 1,126,861	\$ 1,566,537	\$ 756,315	\$ 810,222
Excess (deficiency) of revenues over (under) expenditures	\$ (1,126,861)	\$ (1,566,537)	\$ (756,315)	\$ 810,222
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 576,891	\$ 576,891
Total other financing sources (uses)	\$ -	\$ -	\$ 576,891	\$ 576,891
Net change in fund balances	\$ (1,126,861)	\$ (1,566,537)	\$ (179,424)	\$ 1,387,113
Fund balances - beginning	1,126,861	1,566,537	1,612,971	46,434
Fund balances - ending	\$ -	\$ -	\$ 1,433,547	\$ 1,433,547

County of Rockbridge, Virginia
School Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

Exhibit 29

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,749	\$ 1,749
Total revenues	\$ -	\$ -	\$ 1,749	\$ 1,749
EXPENDITURES				
Current:				
Capital projects	\$ -	\$ 2,431,367	\$ 1,283,680	\$ 1,147,687
Total expenditures	\$ -	\$ 2,431,367	\$ 1,283,680	\$ 1,147,687
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (2,431,367)	\$ (1,281,931)	\$ 1,149,436
Net change in fund balances	\$ -	\$ (2,431,367)	\$ (1,281,931)	\$ 1,149,436
Fund balances - beginning	-	2,431,367	1,283,634	(1,147,733)
Fund balances - ending	\$ -	\$ -	\$ 1,703	\$ 1,703

County of Rockbridge, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

Exhibit 30

	Agency Funds					
	Payroll Deduction Fund	Drug Fund	Veterans Memorial Fund	Employee Benefit Fund	Commonwealth Attorney Forfeitures Fund	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ 173,404	\$ 9,347	\$ 2,164	\$ 40,512	\$ 225,427
Accounts receivable	-	1,564	-	-	2,351	3,915
Total assets	<u>\$ -</u>	<u>\$ 174,968</u>	<u>\$ 9,347</u>	<u>\$ 2,164</u>	<u>\$ 42,863</u>	<u>\$ 229,342</u>
LIABILITIES						
Accounts payable	\$ 67,005	\$ -	\$ -	\$ -	\$ -	\$ 67,005
Amounts held for payroll deduction	(67,005)	-	-	-	-	(67,005)
Amounts held for veterans memorial	-	-	9,347	-	-	9,347
Amounts held for drug enforcement	-	174,968	-	-	-	174,968
Amounts held for employee benefits	-	-	-	2,164	-	2,164
Amounts held for commonwealth attorney forfeitures	-	-	-	-	42,863	42,863
Total liabilities	<u>\$ -</u>	<u>\$ 174,968</u>	<u>\$ 9,347</u>	<u>\$ 2,164</u>	<u>\$ 42,863</u>	<u>\$ 229,342</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Payroll Deduction Fund:				
LIABILITIES				
Accounts payable	\$ 78,801	\$ 289,879	\$ 301,675	\$ 67,005
Amounts held for payroll deduction	(78,801)	(289,879)	(301,675)	(67,005)
Total liabilities	\$ -	\$ -	\$ -	\$ -
Drug Fund:				
ASSETS				
Cash and cash equivalents	\$ 80,663	\$ 222,741	\$ 130,000	\$ 173,404
Accounts receivable	-	1,564	-	1,564
Total assets	\$ 80,663	\$ 224,305	\$ 130,000	\$ 174,968
LIABILITIES				
Amounts held for drug enforcement	\$ 80,663	\$ 224,305	\$ 130,000	\$ 174,968
Total liabilities	\$ 80,663	\$ 224,305	\$ 130,000	\$ 174,968
Veterans Memorial Fund:				
ASSETS				
Cash and cash equivalents	\$ 9,781	\$ -	\$ 434	\$ 9,347
Total assets	\$ 9,781	\$ -	\$ 434	\$ 9,347
LIABILITIES				
Amounts held for veterans memorial	\$ 9,781	\$ -	\$ 434	\$ 9,347
Total liabilities	\$ 9,781	\$ -	\$ 434	\$ 9,347
Employee Benefit Fund:				
ASSETS				
Cash and cash equivalents	\$ 2,164	\$ -	\$ -	\$ 2,164
Total assets	\$ 2,164	\$ -	\$ -	\$ 2,164
LIABILITIES				
Amounts held for employee benefits	\$ 2,164	\$ -	\$ -	\$ 2,164
Total liabilities	\$ 2,164	\$ -	\$ -	\$ 2,164
Commonwealth Attorney Forfeitures Fund:				
ASSETS				
Cash and cash equivalents	\$ 11,935	\$ 33,346	\$ 4,769	\$ 40,512
Accounts receivable	2,301	281	231	2,351
Total assets	\$ 14,236	\$ 33,627	\$ 5,000	\$ 42,863
LIABILITIES				
Accounts payable	\$ 78	\$ -	\$ 78	\$ -
Amounts held for commonwelath's attorney forfeitures	14,158	33,627	4,922	42,863
Total liabilities	\$ 14,236	\$ 33,627	\$ 5,000	\$ 42,863
Rockbridge Regional Public Safety Communications Center:				
ASSETS				
Cash and cash equivalents	\$ 153,783	\$ 73,033	\$ 226,816	\$ -
Accounts receivable	42,879	-	42,879	-
Total assets	\$ 196,662	\$ 73,033	\$ 269,695	\$ -
LIABILITIES				
Accounts payable	\$ 29,258	\$ -	\$ 29,258	\$ -
Amounts held for regional public safety communications center	167,404	73,033	240,437	-
Total liabilities	\$ 196,662	\$ 73,033	\$ 269,695	\$ -
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 258,326	\$ 329,120	\$ 362,019	\$ 225,427
Accounts receivable	45,180	1,845	43,110	3,915
Total assets	\$ 303,506	\$ 330,965	\$ 405,129	\$ 229,342
LIABILITIES				
Accounts payable	\$ 108,137	\$ 289,879	\$ 331,011	\$ 67,005
Amounts held for payroll deduction	(78,801)	(289,879)	(301,675)	(67,005)
Amounts held for drug enforcement	80,663	224,305	130,000	174,968
Amounts held for veterans memorial	9,781	-	434	9,347
Amounts held for employee benefits	2,164	-	-	2,164
Amounts held for commonwelath's attorney forfeitures	14,158	33,627	4,922	42,863
Amounts held for regional public safety communications center	167,404	73,033	240,437	-
Total liabilities	\$ 303,506	\$ 330,965	\$ 405,129	\$ 229,342

**DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

	School Operating Fund	School Cafeteria Fund	Permanent Scholarship Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 200	\$ 42,928	\$ 27,084	\$ 70,212
Receivables (net of allowance for uncollectibles):				
Accounts receivable	41,151	-	-	41,151
Due from other governmental units	735,926	4,234	-	740,160
Inventories	-	41,973	-	41,973
Prepaid items	452,947	-	-	452,947
Total assets	<u>\$ 1,230,224</u>	<u>\$ 89,135</u>	<u>\$ 27,084</u>	<u>\$ 1,346,443</u>
LIABILITIES				
Accounts payable	\$ 160,307	\$ 2,010	\$ -	\$ 162,317
Due to primary government	1,069,917	-	-	1,069,917
Total liabilities	<u>\$ 1,230,224</u>	<u>\$ 2,010</u>	<u>\$ -</u>	<u>\$ 1,232,234</u>
FUND BALANCES				
Nonspendable:				
Inventory	\$ -	\$ 41,973	\$ -	\$ 41,973
Prepaid items	452,947	-	-	452,947
Endowments	-	-	27,084	27,084
Committed:				
Special revenue funds	-	45,152	-	45,152
Unassigned	(452,947)	-	-	(452,947)
Total fund balances	<u>\$ -</u>	<u>\$ 87,125</u>	<u>\$ 27,084</u>	<u>\$ 114,209</u>
Total liabilities and fund balances	<u>\$ 1,230,224</u>	<u>\$ 89,135</u>	<u>\$ 27,084</u>	<u>\$ 1,346,443</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:				
Total fund balances per above			\$	114,209
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Land			\$	117,555
Buildings and improvements				21,715,440
Machinery and equipment				2,652,148
Construction in progress				83,248
				<u>24,568,391</u>
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds				
Pension related items			\$	3,089,062
OPEB related items				558,395
				<u>3,647,457</u>
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.				
Compensated absences			\$	(293,915)
Net OPEB liabilities				(9,110,000)
Net pension liability				(24,112,808)
				<u>(33,516,723)</u>
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.				
Pension related items			\$	(3,042,799)
OPEB related items				(943,000)
				<u>(3,985,799)</u>
Net position of governmental activities			\$	<u>(9,172,465)</u>

County of Rockbridge, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2019

Exhibit 33

	School Operating Fund	School Cafeteria Fund	Permanent Scholarship Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ 2	\$ 7	\$ 9
Charges for services	1,536,020	370,260	-	1,906,280
Miscellaneous	89,317	-	-	89,317
Intergovernmental:				
Local government	14,216,809	-	-	14,216,809
Commonwealth	15,722,266	22,084	-	15,744,350
Federal	1,930,777	798,775	-	2,729,552
Total revenues	<u>\$ 33,495,189</u>	<u>\$ 1,191,121</u>	<u>\$ 7</u>	<u>\$ 34,686,317</u>

EXPENDITURES

Current:

Education	\$ 33,495,189	\$ 1,139,111	\$ -	\$ 34,634,300
Total expenditures	<u>\$ 33,495,189</u>	<u>\$ 1,139,111</u>	<u>\$ -</u>	<u>\$ 34,634,300</u>

Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 52,010	\$ 7	\$ 52,017
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Net change in fund balances	\$ -	\$ 52,010	\$ 7	\$ 52,017
Fund balances - beginning	-	35,115	27,077	62,192
Fund balances - ending	<u>\$ -</u>	<u>\$ 87,125</u>	<u>\$ 27,084</u>	<u>\$ 114,209</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above	\$ 52,017
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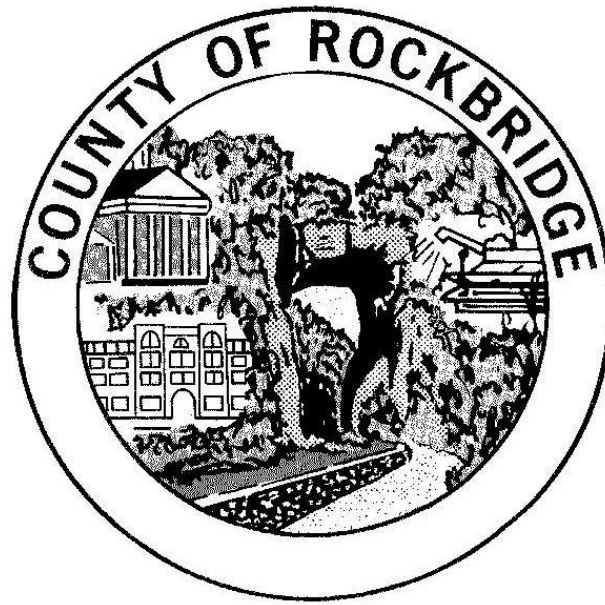
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 2,051,172	
Depreciation expense	(2,219,503)	
Allocation of debt financed school assets based on current year repayments	<u>2,487,057</u>	2,318,726

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (70,235)	
Pension expense	1,650,737	
OPEB expense	<u>163,288</u>	1,743,790

Change in net position of governmental activities	<u>\$ 4,114,533</u>
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County of Rockbridge, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2019

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	1,481,309	1,481,309	1,536,020	54,711
Miscellaneous	-	-	89,317	89,317
Intergovernmental:				
Local government	14,407,466	15,106,768	14,216,809	(889,959)
Commonwealth	15,307,299	15,307,299	15,722,266	414,967
Federal	-	1,929,998	1,930,777	779
Total revenues	<u>\$ 31,196,074</u>	<u>\$ 33,825,374</u>	<u>\$ 33,495,189</u>	<u>\$ (330,185)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 31,196,074</u>	<u>\$ 33,825,374</u>	<u>\$ 33,495,189</u>	<u>\$ 330,185</u>
Total expenditures	<u>\$ 31,196,074</u>	<u>\$ 33,825,374</u>	<u>\$ 33,495,189</u>	<u>\$ 330,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 34

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 6	\$ 6	\$ 2	\$ (4)
451,250	451,250	370,260	(80,990)
-	-	-	-
-	-	-	-
16,043	16,043	22,084	6,041
730,000	730,000	798,775	68,775
<u>\$ 1,197,299</u>	<u>\$ 1,197,299</u>	<u>\$ 1,191,121</u>	<u>\$ (6,178)</u>
<u>\$ 1,197,299</u>	<u>\$ 1,197,299</u>	<u>\$ 1,139,111</u>	<u>\$ 58,188</u>
<u>\$ 1,197,299</u>	<u>\$ 1,197,299</u>	<u>\$ 1,139,111</u>	<u>\$ 58,188</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,010</u>	<u>\$ 52,010</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,010</u>	<u>\$ 52,010</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,115</u>	<u>\$ 35,115</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 87,125</u></u>	<u><u>\$ 87,125</u></u>

County of Rockbridge, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2019

	<u>Scholarship Private-Purpose Trust</u>
ASSETS	
Cash and cash equivalents	\$ <u>10,803</u>
NET POSITION	
Held in trust for scholarships	\$ <u>10,803</u>

County of Rockbridge, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2019

Exhibit 36

	Scholarship Private-Purpose Trust
ADDITIONS	
Investment earnings:	
Interest	\$ 3
Total additions	\$ 3
DEDUCTIONS	
Scholarships	\$ (3,000)
Total deductions	\$ (3,000)
Change in net position	\$ (2,997)
Net position - beginning	13,800
Net position - ending	\$ 10,803

SUPPORTING SCHEDULES

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 18,061,657	\$ 18,061,657	\$ 19,054,075	\$ 992,418
Real and personal public service corporation taxes	1,422,000	1,422,000	1,449,093	27,093
Personal property taxes	5,242,500	5,129,142	5,498,462	369,320
Mobile home taxes	44,709	44,709	38,178	(6,531)
Machinery and tools taxes	413,000	413,000	342,399	(70,601)
Penalties	292,000	292,000	298,599	6,599
Interest	140,000	140,000	140,479	479
Total general property taxes	<u>\$ 25,615,866</u>	<u>\$ 25,502,508</u>	<u>\$ 26,821,285</u>	<u>\$ 1,318,777</u>
Other local taxes:				
Local sales and use taxes	\$ 2,700,000	\$ 2,700,000	\$ 2,849,016	\$ 149,016
Consumers' utility taxes	1,476,000	1,476,000	1,375,566	(100,434)
Business license taxes	870,000	870,000	959,186	89,186
Motor vehicle licenses	534,300	534,300	531,572	(2,728)
Bank stock taxes	155,000	155,000	215,957	60,957
Taxes on recordation and wills	185,910	185,910	202,609	16,699
Lodging tax	1,662,500	1,662,500	1,657,136	(5,364)
Meals tax	1,470,000	1,470,000	1,554,996	84,996
Total other local taxes	<u>\$ 9,053,710</u>	<u>\$ 9,053,710</u>	<u>\$ 9,346,038</u>	<u>\$ 292,328</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 12,000	\$ 12,000	\$ 12,523	\$ 523
Land use application fees	1,800	1,800	2,005	205
Transfer fees	750	750	824	74
Permits and other licenses	191,800	191,800	326,450	134,650
Total permits, privilege fees, and regulatory licenses	<u>\$ 206,350</u>	<u>\$ 206,350</u>	<u>\$ 341,802</u>	<u>\$ 135,452</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 600,685</u>	<u>\$ 600,685</u>	<u>\$ 572,049</u>	<u>\$ (28,636)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 150,000	\$ 150,000	\$ 449,754	\$ 299,754
Revenue from use of property	22,000	22,000	22,620	620
Total revenue from use of money and property	<u>\$ 172,000</u>	<u>\$ 172,000</u>	<u>\$ 472,374</u>	<u>\$ 300,374</u>
Charges for services:				
Sheriff's fees	\$ 11,000	\$ 11,000	\$ 36,566	\$ 25,566
Charges for courthouse maintenance	57,000	57,000	44,295	(12,705)
Courthouse security fees	217,230	217,230	171,903	(45,327)
Charges for Commonwealth's Attorney	5,500	5,500	5,534	34
Charges for garage services	399,000	399,000	599,880	200,880
Charges for sanitation and waste removal	24,000	24,000	50,932	26,932
Charges for parks and recreation	88,475	88,475	91,959	3,484
Erosion Sediment Control Fee	30,000	30,000	11,711	(18,289)
DNA Fee	600	600	1,470	870
Total charges for services	<u>\$ 832,805</u>	<u>\$ 832,805</u>	<u>\$ 1,014,250</u>	<u>\$ 181,445</u>

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 1,158,602	\$ 1,158,602	\$ 1,236,036	\$ 77,434
Total miscellaneous	\$ 1,158,602	\$ 1,158,602	\$ 1,236,036	\$ 77,434
Recovered costs:				
Lexington contribution-court building	\$ 8,715	\$ 8,715	\$ 6,572	\$ (2,143)
Joint services City of Lexington	178,810	178,810	210,411	31,601
Charges for hazard materials cleanup	-	-	5,263	5,263
Fiscal agent fees	50,888	50,888	50,984	96
Other recovered costs	176,573	176,573	226,615	50,042
Total recovered costs	\$ 414,986	\$ 414,986	\$ 499,845	\$ 84,859
Total revenue from local sources	\$ 38,055,004	\$ 37,941,646	\$ 40,303,679	\$ 2,362,033
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 71,100	\$ 71,100	\$ 69,554	\$ (1,546)
Mobile home titling tax	18,000	18,000	10,719	(7,281)
Timber sales	1,325	1,325	2,773	1,448
Motor vehicle rental tax	50,000	50,000	65,898	15,898
State recordation tax	50,000	50,000	51,373	1,373
Personal property tax relief funds	2,449,624	2,449,624	2,449,624	-
Total noncategorical aid	\$ 2,640,049	\$ 2,640,049	\$ 2,649,941	\$ 9,892
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 374,714	\$ 374,714	\$ 433,509	\$ 58,795
Sheriff	1,202,509	1,202,509	1,181,664	(20,845)
Commissioner of revenue	106,554	106,554	106,027	(527)
Treasurer	98,650	98,650	97,258	(1,392)
Registrar/electoral board	37,000	37,000	37,500	500
Clerk of the Circuit Court	263,649	263,649	302,439	38,790
Total shared expenses	\$ 2,083,076	\$ 2,083,076	\$ 2,158,397	\$ 75,321
Other categorical aid:				
Emergency medical services	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Victim-witness grant	16,915	16,915	18,355	1,440
Fire program	67,000	67,000	70,541	3,541
NBSWCD support	159,678	159,678	166,358	6,680
Four for life	24,000	24,000	49,213	25,213
Rental assistance	54,000	54,000	68,876	14,876
Other	76,087	76,087	115,491	39,404
School resource officer grant	-	-	30,725	30,725
VDEP grant	-	-	73,000	73,000
Total other categorical aid	\$ 405,180	\$ 405,180	\$ 600,059	\$ 194,879
Total categorical aid	\$ 2,488,256	\$ 2,488,256	\$ 2,758,456	\$ 270,200
Total revenue from the Commonwealth	\$ 5,128,305	\$ 5,128,305	\$ 5,408,397	\$ 280,092

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 100,000	\$ 100,000	\$ 183,194	\$ 83,194
Categorical aid:				
Ground transportation grant	\$ -	\$ -	\$ 23,422	\$ 23,422
Victim-witness grant	55,063	55,063	55,063	-
Domestic violence	-	-	1,810	1,810
DHCD	-	-	319,951	319,951
Other	-	-	5,669	5,669
Total categorical aid	\$ 55,063	\$ 55,063	\$ 405,915	\$ 350,852
Total revenue from the federal government	\$ 155,063	\$ 155,063	\$ 589,109	\$ 434,046
Total General Fund	\$ 43,338,372	\$ 43,225,014	\$ 46,301,185	\$ 3,076,171
Capital Projects Funds:				
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 1,749	\$ 1,749
Total School Capital Projects Fund	\$ -	\$ -	\$ 1,749	\$ 1,749
Total Primary Government	\$ 43,338,372	\$ 43,225,014	\$ 46,302,934	\$ 3,077,920

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Tuition-private day school	\$ -	\$ -	\$ 10,950	\$ 10,950
Tuition-City of Lexington, Buena Vista	1,481,309	1,481,309	1,525,070	43,761
Total charges for services	\$ 1,481,309	\$ 1,481,309	\$ 1,536,020	\$ 54,711
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 89,317	\$ 89,317
Total revenue from local sources	\$ 1,481,309	\$ 1,481,309	\$ 1,625,337	\$ 144,028
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Rockbridge, Virginia	\$ 14,407,466	\$ 15,106,768	\$ 14,216,809	\$ (889,959)
Total revenues from local governments	\$ 14,407,466	\$ 15,106,768	\$ 14,216,809	\$ (889,959)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,082,003	\$ 3,082,003	\$ 3,116,716	\$ 34,713
Basic school aid	7,807,336	7,807,336	7,875,894	68,558
Remedial summer education	-	-	8,185	8,185
Adult secondary education	6,533	6,533	-	(6,533)
Gifted and talented	69,875	69,875	70,640	765
Remedial education	208,229	208,229	210,506	2,277
Special education	1,015,988	1,015,988	1,069,325	53,337
Textbook payment	140,715	140,715	142,254	1,539
Vocational standards of quality payments	212,421	212,421	214,744	2,323
Social security fringe benefits	424,842	424,842	429,489	4,647
Retirement fringe benefits	937,728	937,728	947,984	10,256
Early reading intervention	49,656	49,656	38,621	(11,035)
Dropout prevention	5,018	5,018	5,018	-
Homebound education	8,554	8,554	10,327	1,773
Vocational education other	-	-	41,311	41,311
At risk payments	175,456	175,456	195,700	20,244
Mentor teacher	-	-	6,039	6,039
Standards of learning algebra readiness	26,086	26,086	26,086	-
Reduced class size	280,910	280,910	275,818	(5,092)
Group life insurance	29,348	29,348	29,669	321
Technology grant	206,000	206,000	206,000	-
At risk four-year olds	104,417	104,417	107,898	3,481
English as a second language	18,878	18,878	19,618	740
Lottery proceeds	472,282	472,282	514,468	42,186
Adult Ed GED	23,576	23,576	56,929	33,353
Other state funds	1,448	1,448	103,027	101,579
Total categorical aid	\$ 15,307,299	\$ 15,307,299	\$ 15,722,266	\$ 414,967
Total revenue from the Commonwealth	\$ 15,307,299	\$ 15,307,299	\$ 15,722,266	\$ 414,967

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Categorical aid:				
Federal land use	\$ -	\$ 63,835	\$ 63,861	\$ 26
Adult literacy	-	122,116	122,165	49
Title I	-	566,420	566,648	228
Title VI-B, special education flow-through	-	583,482	583,717	235
Vocational education	-	51,213	51,234	21
Title VI-B, special education pre-school	-	14,048	14,054	6
Title II, Part A	-	94,221	94,259	38
Title III	-	4,005	4,007	2
Title IV, Part A	-	37,076	37,091	15
Twenty-first century community learning centers	-	356,945	357,089	144
Total action against poverty	-	36,637	36,652	15
Total categorical aid	\$ -	\$ 1,929,998	\$ 1,930,777	\$ 779
Total revenue from the federal government	\$ -	\$ 1,929,998	\$ 1,930,777	\$ 779
Total School Operating Fund	\$ 31,196,074	\$ 33,825,374	\$ 33,495,189	\$ (330,185)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 6	\$ 6	\$ 2	\$ (4)
Charges for services:				
Cafeteria sales	\$ 451,250	\$ 451,250	\$ 370,260	\$ (80,990)
Total revenue from local sources	\$ 451,256	\$ 451,256	\$ 370,262	\$ (80,994)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 16,043	\$ 16,043	\$ 22,084	\$ 6,041
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 730,000	\$ 730,000	\$ 719,916	\$ (10,084)
Commodities	-	-	78,859	78,859
Total categorical aid	\$ 730,000	\$ 730,000	\$ 798,775	\$ 68,775
Total revenue from the federal government	\$ 730,000	\$ 730,000	\$ 798,775	\$ 68,775
Total School Cafeteria Fund	\$ 1,197,299	\$ 1,197,299	\$ 1,191,121	\$ (6,178)
Total Discretely Presented Component Unit - School Board	\$ 32,393,373	\$ 35,022,673	\$ 34,686,310	\$ (336,363)

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Schedule 2
Page 1 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 96,733	\$ 104,983	\$ 109,126	\$ (4,143)
General and financial administration:				
County administrator	\$ 223,664	\$ 223,664	\$ 222,718	\$ 946
Legal services	185,421	185,421	182,110	3,311
Commissioner of the revenue	323,605	323,601	305,065	18,536
Land use	1,000	1,000	854	146
Treasurer	338,914	338,914	316,024	22,890
Central accounting	99,257	99,257	97,379	1,878
Human resources	122,345	118,345	113,321	5,024
Data processing	176,661	188,157	185,836	2,321
Director of fiscal services	261,022	244,530	239,313	5,217
Central stores	-	-	96,755	(96,755)
Total general and financial administration	\$ 1,731,889	\$ 1,722,889	\$ 1,759,375	\$ (36,486)
Board of elections:				
Electoral board and officials	\$ 160,575	\$ 164,940	\$ 160,905	\$ 4,035
Total board of elections	\$ 160,575	\$ 164,940	\$ 160,905	\$ 4,035
Total general government administration	\$ 1,989,197	\$ 1,992,812	\$ 2,029,406	\$ (36,594)
Judicial administration:				
Courts:				
Circuit court	\$ 91,404	\$ 76,898	\$ 70,015	\$ 6,883
County court	19,100	21,266	19,499	1,767
Victim witness coordinator	102,269	102,269	98,803	3,466
Clerk of the circuit court	433,535	469,701	464,593	5,108
Courthouse security	427,878	439,694	428,834	10,860
Total courts	\$ 1,074,186	\$ 1,109,828	\$ 1,081,744	\$ 28,084
Commonwealth's attorney:				
Commonwealth's attorney	\$ 507,847	\$ 581,884	\$ 579,590	\$ 2,294
Total Commonwealth's attorney	\$ 507,847	\$ 581,884	\$ 579,590	\$ 2,294
Total judicial administration	\$ 1,582,033	\$ 1,691,712	\$ 1,661,334	\$ 30,378
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,761,695	\$ 2,792,212	\$ 2,723,172	\$ 69,040
Fire and rescue services:				
Fire and rescue services	\$ 2,969,416	\$ 3,001,757	\$ 3,350,491	\$ (348,734)
Consolidated dispatch	1,702,662	1,702,662	1,666,790	35,872
Total fire and rescue services	\$ 4,672,078	\$ 4,704,419	\$ 5,017,281	\$ (312,862)
Correction and detention:				
Contribution to Component Unit Jail Commission	\$ 1,497,254	\$ 1,705,450	\$ 1,575,946	\$ 129,504
Probation office	6,000	6,000	5,476	524
Juvenile probation and detention	46,931	46,932	46,932	-
Total correction and detention	\$ 1,550,185	\$ 1,758,382	\$ 1,628,354	\$ 130,028

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Schedule 2
Page 2 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 238,707	\$ 238,707	\$ 230,596	\$ 8,111
Other protection:				
Special enforcement	\$ 121,417	\$ 119,317	\$ 115,232	\$ 4,085
Other protective services	216,691	211,691	209,680	2,011
Total other protection	\$ 338,108	\$ 331,008	\$ 324,912	\$ 6,096
Total public safety	\$ 9,560,773	\$ 9,824,728	\$ 9,924,315	\$ (99,587)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Road maintenance	\$ 14,500	\$ 14,500	\$ 12,617	\$ 1,883
Total maintenance of highways, streets, bridges & sidewalks	\$ 14,500	\$ 14,500	\$ 12,617	\$ 1,883
Sanitation and waste removal:				
Refuse and recycling	\$ 1,925,826	\$ 1,969,882	\$ 1,859,070	\$ 110,812
Total sanitation and waste removal	\$ 1,925,826	\$ 1,969,882	\$ 1,859,070	\$ 110,812
Maintenance of general buildings and grounds:				
General properties	\$ 560,381	\$ 546,351	\$ 495,171	\$ 51,180
Central garage	812,613	922,080	914,345	7,735
Total maintenance of general buildings and grounds	\$ 1,372,994	\$ 1,468,431	\$ 1,409,516	\$ 58,915
Total public works	\$ 3,313,320	\$ 3,452,813	\$ 3,281,203	\$ 171,610
Health and welfare:				
Health:				
Supplement of local health department	\$ 202,283	\$ 202,283	\$ 201,253	\$ 1,030
Other contributions	82,177	82,177	82,177	-
Total health	\$ 284,460	\$ 284,460	\$ 283,430	\$ 1,030
Mental health and mental retardation:				
Community services board	\$ 155,163	\$ 155,163	\$ 155,163	\$ -
Welfare:				
Contribution to Rockbridge Area Social Services Board	\$ 1,023,857	\$ 1,791,098	\$ 1,102,533	\$ 688,565
Other public assistance and welfare administration	53,750	53,750	53,600	150
Tax relief for the elderly	-	-	226,879	(226,879)
Total welfare	\$ 1,077,607	\$ 1,844,848	\$ 1,383,012	\$ 461,836
Total health and welfare	\$ 1,517,230	\$ 2,284,471	\$ 1,821,605	\$ 462,866
Education:				
Other instructional costs:				
Community colleges/other programs	\$ 89,384	\$ 89,384	\$ 85,784	\$ 3,600
Contribution to County School Board	14,214,834	14,214,681	14,192,774	21,907
Total education	\$ 14,304,218	\$ 14,304,065	\$ 14,278,558	\$ 25,507

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Schedule 2
Page 3 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 751,197	\$ 779,697	\$ 703,151	\$ 76,546
Preschool	132,493	132,641	115,801	16,840
Total parks and recreation	<u>\$ 883,690</u>	<u>\$ 912,338</u>	<u>\$ 818,952</u>	<u>\$ 93,386</u>
Library:				
Contribution to county libraries	\$ 615,084	\$ 615,085	\$ 615,084	\$ 1
Total parks, recreation, and cultural	<u>\$ 1,498,774</u>	<u>\$ 1,527,423</u>	<u>\$ 1,434,036</u>	<u>\$ 93,387</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 337,519	\$ 346,360	\$ 343,260	\$ 3,100
Geographic information system	186,344	186,153	178,605	7,548
Rental assistance	92,067	92,067	67,678	24,389
Economic development	1,140,018	2,087,383	1,958,161	129,222
Other community development	162,004	162,005	162,004	1
Contribution to Public Service Authority	500,642	435,414	210,642	224,772
Total planning and community development	<u>\$ 2,418,594</u>	<u>\$ 3,309,382</u>	<u>\$ 2,920,350</u>	<u>\$ 389,032</u>
Environmental management:				
NBSWCD support	\$ 177,200	\$ 184,289	\$ 183,914	\$ 375
Other environmental management	99,793	102,325	102,016	309
Total environmental management	<u>\$ 276,993</u>	<u>\$ 286,614</u>	<u>\$ 285,930</u>	<u>\$ 684</u>
Cooperative extension program:				
Extension office	\$ 87,153	\$ 87,153	\$ 86,300	\$ 853
Total community development	<u>\$ 2,782,740</u>	<u>\$ 3,683,149</u>	<u>\$ 3,292,580</u>	<u>\$ 390,569</u>
Nondepartmental:				
Miscellaneous	\$ 62,725	\$ 39,900	\$ 6,699	\$ 33,201
Annexation payment	1,961,590	1,908,223	1,907,141	1,082
Total nondepartmental	<u>\$ 2,024,315</u>	<u>\$ 1,948,123</u>	<u>\$ 1,913,840</u>	<u>\$ 34,283</u>
Debt service:				
Principal retirement	\$ 2,876,828	\$ 2,876,909	\$ 2,876,909	\$ -
Interest and other fiscal charges	2,215,026	2,213,598	2,287,550	(73,952)
Total debt service	<u>\$ 5,091,854</u>	<u>\$ 5,090,507</u>	<u>\$ 5,164,459</u>	<u>\$ (73,952)</u>
Total General Fund	<u>\$ 43,664,454</u>	<u>\$ 45,799,803</u>	<u>\$ 44,801,336</u>	<u>\$ 998,467</u>
Capital Projects Funds:				
School Capital Projects Fund:				
Capital projects expenditures:				
Contribution to County School Board	\$ -	\$ -	\$ 24,035	\$ (24,035)
Capital projects	-	2,431,367	1,259,645	1,171,722
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ 2,431,367</u>	<u>\$ 1,283,680</u>	<u>\$ 1,147,687</u>
County Capital Projects Fund:				
Capital projects expenditures:				
Capital projects expenditures	\$ 1,126,861	\$ 1,566,537	\$ 756,315	\$ 810,222
Total capital projects	<u>\$ 1,126,861</u>	<u>\$ 1,566,537</u>	<u>\$ 756,315</u>	<u>\$ 810,222</u>
Total County Capital Projects Fund	<u>\$ 1,126,861</u>	<u>\$ 1,566,537</u>	<u>\$ 756,315</u>	<u>\$ 810,222</u>
Total Primary Government	<u>\$ 44,791,315</u>	<u>\$ 49,797,707</u>	<u>\$ 46,841,331</u>	<u>\$ 2,956,376</u>

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Schedule 2
Page 4 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Instruction	\$ 22,442,974	\$ 24,744,567	\$ 24,476,339	\$ 268,228
Administration, attendance and health	1,740,072	1,822,271	1,744,574	77,697
Pupil transportation	2,574,398	2,593,150	2,746,915	(153,765)
Operation and maintenance	2,990,805	3,084,039	3,096,367	(12,328)
Facilities	1,447,825	1,581,347	1,430,994	150,353
Total School Operating Fund	<u>\$ 31,196,074</u>	<u>\$ 33,825,374</u>	<u>\$ 33,495,189</u>	<u>\$ 330,185</u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,197,299	\$ 1,197,299	\$ 1,139,111	\$ 58,188
Total School Cafeteria Fund	<u>\$ 1,197,299</u>	<u>\$ 1,197,299</u>	<u>\$ 1,139,111</u>	<u>\$ 58,188</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 32,393,373</u>	<u>\$ 35,022,673</u>	<u>\$ 34,634,300</u>	<u>\$ 388,373</u>

STATISTICAL SECTION

STATISTICAL SECTION

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

1-5

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

6-10

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

11-13

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

14-15

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.

16-19

Sources:

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

COUNTY OF ROCKBRIDGE, VIRGINIA

Net Position by Component
 Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 12,355,645	\$ 11,866,668	\$ 12,943,272	\$ 10,937,946
Restricted	935,021	960,040	1,002,603	5,459,836
Unrestricted	<u>16,443,020</u>	<u>17,653,362</u>	<u>17,197,916</u>	<u>21,297,930</u>
Total governmental activities net position	<u>\$ 29,733,686</u>	<u>\$ 30,480,070</u>	<u>\$ 31,143,791</u>	<u>\$ 37,695,712</u>
Business-type activities				
Net investment in capital assets	\$ 1,427,172	\$ 1,338,861	\$ 1,086,965	\$ 1,397,575
Restricted	-	-	1,176,854	1,002,249
Unrestricted	<u>1,201,435</u>	<u>1,570,098</u>	<u>881,152</u>	<u>924,040</u>
Total business-type activities net position	<u>\$ 2,628,607</u>	<u>\$ 2,908,959</u>	<u>\$ 3,144,971</u>	<u>\$ 3,323,864</u>
Primary government				
Net investment in capital assets	\$ 13,782,817	\$ 13,205,529	\$ 14,030,237	\$ 12,335,521
Restricted	935,021	960,040	2,179,457	6,462,085
Unrestricted	<u>17,644,455</u>	<u>19,223,460</u>	<u>18,079,068</u>	<u>22,221,970</u>
Total primary government net position	<u>\$ 32,362,293</u>	<u>\$ 33,389,029</u>	<u>\$ 34,288,762</u>	<u>\$ 41,019,576</u>

Table 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 14,100,533	\$ 14,218,888	\$ 13,222,296	\$ 12,935,258	\$ 12,425,263	\$ 11,897,277
1,332,295	1,190,894	232,779	451,921	274,880	193,246
<u>21,113,574</u>	<u>20,308,715</u>	<u>23,911,471</u>	<u>24,789,608</u>	<u>25,139,551</u>	<u>25,112,495</u>
<u>\$ 36,546,402</u>	<u>\$ 35,718,497</u>	<u>\$ 37,366,546</u>	<u>\$ 38,176,787</u>	<u>\$ 37,839,694</u>	<u>\$ 37,203,018</u>
\$ 1,712,920	\$ 2,166,784	\$ 2,592,481	\$ 2,096,784	\$ 2,579,553	\$ 3,005,550
1,002,249	1,210,738	1,423,596	1,682,097	1,004,855	824,130
<u>642,159</u>	<u>733,351</u>	<u>366,856</u>	<u>1,703,698</u>	<u>(894,497)</u>	<u>(1,703,291)</u>
<u>\$ 3,357,328</u>	<u>\$ 4,110,873</u>	<u>\$ 4,382,933</u>	<u>\$ 5,482,579</u>	<u>\$ 2,689,911</u>	<u>\$ 2,126,389</u>
\$ 15,813,453	\$ 16,385,672	\$ 15,814,777	\$ 15,032,042	\$ 15,004,816	\$ 14,902,827
2,334,544	2,401,632	1,656,375	2,134,018	1,279,735	1,017,376
<u>21,755,733</u>	<u>21,042,066</u>	<u>24,278,327</u>	<u>26,493,306</u>	<u>24,245,054</u>	<u>23,409,204</u>
<u>\$ 39,903,730</u>	<u>\$ 39,829,370</u>	<u>\$ 41,749,479</u>	<u>\$ 43,659,366</u>	<u>\$ 40,529,605</u>	<u>\$ 39,329,407</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government administration	\$ 2,332,278	\$ 2,333,275	\$ 2,335,818	\$ 2,011,030
Judicial administration	1,211,172	1,186,366	1,021,390	1,267,789
Public safety	5,364,665	5,160,253	5,406,165	5,700,091
Public works	3,040,215	2,824,461	2,949,751	3,052,847
Health and welfare	1,459,423	1,498,930	1,505,526	1,414,009
Education	14,437,698	13,085,583	16,631,591	16,126,417
Parks, recreation and cultural	1,361,665	1,267,868	1,299,526	1,442,669
Community development	2,109,085	2,585,270	2,369,189	2,246,495
Interest on long-term debt	1,932,209	1,862,608	1,730,059	1,718,759
Nondepartmental	1,944,765	1,747,190	1,969,401	2,833,978
Total governmental activities expenses	\$ 35,193,175	\$ 33,551,804	\$ 37,218,416	\$ 37,814,084
Business-type activities:				
Landfill	\$ 969,972	\$ 862,292	\$ 825,011	\$ 960,797
Recycling	954,393	983,111	1,159,742	1,156,498
Total business-type activities expenses	\$ 1,924,365	\$ 1,845,403	\$ 1,984,753	\$ 2,117,295
Total primary government expenses	\$ 37,117,540	\$ 35,397,207	\$ 39,203,169	\$ 39,931,379
Program Revenues				
Governmental activities:				
Charges for services:				
General government administration	\$ 11,700	\$ 23,400	\$ 23,400	\$ 23,400
Judicial administration	346,456	437,863	510,896	457,916
Public safety	15,584	5,840	6,317	22,078
Public works	1,154,832	958,805	1,236,913	1,122,809
Parks, recreation and cultural	90,891	96,748	95,487	85,038
Community development	204,569	181,875	192,207	178,734
Operating grants and contributions	2,165,017	2,426,783	2,257,672	2,412,618
Capital grants and contributions	-	303,653	1,993,245	5,816,685
Total governmental activities program revenues	\$ 3,989,049	\$ 4,434,967	\$ 6,316,137	\$ 10,119,278

Table 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 2,497,472	\$ 2,294,804	\$ 2,888,023	\$ 2,905,137	\$ 2,921,147	\$ 2,732,902
1,282,388	1,283,097	1,363,768	1,500,916	1,498,614	1,571,211
7,551,214	6,492,719	7,165,176	8,332,745	9,210,516	9,924,693
2,522,400	2,879,018	3,257,681	3,458,387	3,508,528	3,229,210
1,411,742	1,330,106	1,641,027	1,618,131	1,723,940	1,822,361
14,081,158	14,980,144	15,794,029	16,455,148	16,750,090	18,406,357
1,246,800	1,289,331	1,431,206	1,403,936	1,502,900	1,421,876
2,635,939	3,171,409	2,933,943	2,792,737	3,106,501	3,265,388
1,749,577	1,757,409	1,780,693	1,805,264	1,856,695	1,913,840
2,513,613	2,449,604	2,488,358	2,209,563	2,207,499	2,153,345
<u>\$ 37,492,303</u>	<u>\$ 37,927,641</u>	<u>\$ 40,743,904</u>	<u>\$ 42,481,964</u>	<u>\$ 44,286,430</u>	<u>\$ 46,441,183</u>
\$ 1,207,978	\$ 962,151	\$ 1,183,842	\$ 1,166,417	\$ 4,942,934	\$ 3,046,258
461,888	473,195	463,929	527,747	-	-
<u>\$ 1,669,866</u>	<u>\$ 1,435,346</u>	<u>\$ 1,647,771</u>	<u>\$ 1,694,164</u>	<u>\$ 4,942,934</u>	<u>\$ 3,046,258</u>
<u>\$ 39,162,169</u>	<u>\$ 39,362,987</u>	<u>\$ 42,391,675</u>	<u>\$ 44,176,128</u>	<u>\$ 49,229,364</u>	<u>\$ 49,487,441</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
709,282	765,411	707,067	867,615	877,266	793,781
10,282	21,465	23,841	71,543	76,224	50,559
1,180,837	1,043,742	1,052,048	1,166,521	1,006,611	650,812
84,607	80,237	90,846	93,890	88,254	91,959
236,124	493,599	291,216	291,872	348,692	340,990
2,438,107	2,424,462	2,381,742	2,460,447	2,525,993	2,766,029
598,412	273,913	41,945	21,545	38,569	398,342
<u>\$ 5,257,651</u>	<u>\$ 5,102,829</u>	<u>\$ 4,588,705</u>	<u>\$ 4,973,433</u>	<u>\$ 4,961,609</u>	<u>\$ 5,092,472</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

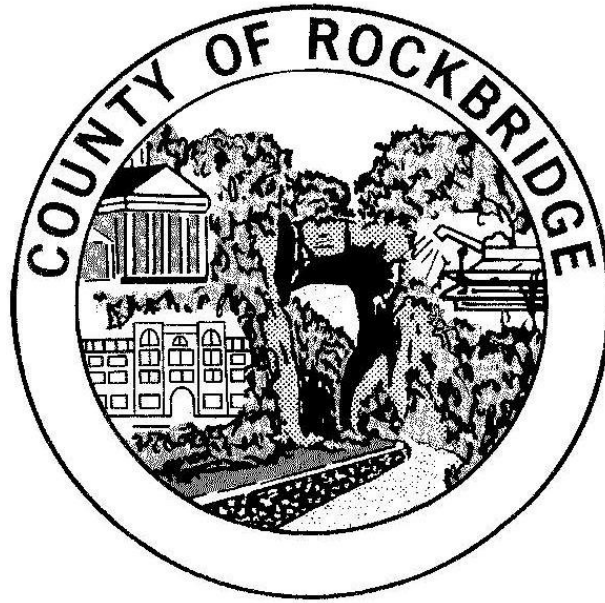
	Fiscal Year			
	2010	2011	2012	2013
Business-type activities:				
Charges for services:				
Landfill	\$ 1,213,411	\$ 1,116,260	\$ 1,063,507	\$ 1,034,968
Recycling	104,549	77,872	23,714	-
Operating grants and contributions	18,913	21,503	18,461	26,161
Total business-type activities program revenues	\$ 1,336,873	\$ 1,215,635	\$ 1,105,682	\$ 1,061,129
Total primary government program revenues	\$ 5,325,922	\$ 5,650,602	\$ 7,421,819	\$ 11,180,407
Net (expense) / revenue				
Governmental activities	\$ (31,204,126)	\$ (29,116,837)	\$ (30,902,279)	\$ (27,694,806)
Business-type activities	(587,492)	(629,768)	(879,071)	(1,056,166)
Total primary government net expense	\$ (31,791,618)	\$ (29,746,605)	\$ (31,781,350)	\$ (28,750,972)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 19,737,346	\$ 19,903,929	\$ 20,241,098	\$ 22,519,602
Local sales and use taxes	2,238,747	2,226,190	2,292,809	2,392,591
Motor vehicle licenses taxes	547,407	542,034	537,280	537,855
Consumer utility taxes	1,538,143	1,541,967	1,520,806	1,522,050
Business licenses taxes	723,687	775,021	851,571	913,827
Other local taxes	2,662,945	2,642,418	2,687,544	2,791,478
Unrestricted grants and contributions	2,766,489	2,706,042	2,761,428	2,741,009
Unrestricted revenues from use of money and property	240,641	145,518	74,448	78,229
Gain on sale of capital assets	-	-	-	-
Miscellaneous	272,957	239,873	1,710,031	743,278
Transfers	(948,313)	(859,771)	(1,111,015)	(1,234,972)
Total governmental activities	\$ 29,780,049	\$ 29,863,221	\$ 31,566,000	\$ 33,004,947
Business-type activities:				
Unrestricted revenues from use of money and property	\$ 6,505	\$ 4,938	\$ 4,000	\$ 4,676
Miscellaneous	117	10,264	68	3,815
Transfers	948,313	859,771	1,111,015	1,234,972
Total business-type activities	\$ 954,935	\$ 874,973	\$ 1,115,083	\$ 1,243,463
Total primary government	\$ 30,734,984	\$ 30,738,194	\$ 32,681,083	\$ 34,248,410
Change in Net Position				
Governmental activities	\$ (1,424,077)	\$ 746,384	\$ 663,721	\$ 5,310,141
Business-type activities	367,443	245,205	236,012	187,297
Total primary government	\$ (1,056,634)	\$ 991,589	\$ 899,733	\$ 5,497,438

Table 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 936,243	\$ 1,578,750	\$ 2,098,447	\$ 2,232,822	\$ 2,108,888	\$ 2,360,386
-	-	-	-	-	-
23,076	23,046	23,300	22,492	21,966	-
\$ 959,319	\$ 1,601,796	\$ 2,121,747	\$ 2,255,314	\$ 2,130,854	\$ 2,360,386
\$ 6,216,970	\$ 6,704,625	\$ 6,710,452	\$ 7,228,747	\$ 7,092,463	\$ 7,452,858
\$ (32,234,652)	\$ (32,824,812)	\$ (36,155,199)	\$ (37,508,531)	\$ (39,324,821)	\$ (41,348,711)
(710,547)	166,450	473,976	561,150	(2,812,080)	(685,872)
\$ (32,945,199)	\$ (32,658,362)	\$ (35,681,223)	\$ (36,947,381)	\$ (42,136,901)	\$ (42,034,583)
\$ 23,009,779	\$ 24,210,212	\$ 24,775,816	\$ 25,753,935	\$ 26,107,887	\$ 26,812,001
2,439,476	2,561,164	2,720,814	2,684,576	2,674,023	2,849,016
535,776	531,093	540,217	531,868	538,941	531,572
1,514,494	1,509,304	1,488,723	1,465,354	1,444,055	1,375,566
882,478	873,386	849,796	872,532	882,385	959,186
2,922,491	3,144,747	3,409,515	3,562,628	3,544,797	3,630,698
2,760,419	2,732,823	2,749,809	2,764,276	2,764,409	2,833,135
58,003	57,337	113,017	169,275	253,575	474,123
-	-	-	23,210	-	-
1,213,388	943,636	833,978	939,045	1,216,150	1,236,036
(735,930)	(909,606)	(449,951)	(447,927)	28,204	10,702
\$ 34,600,374	\$ 35,654,096	\$ 37,031,734	\$ 38,318,772	\$ 39,454,426	\$ 40,712,035
\$ 3,018	\$ 3,413	\$ 11,162	\$ 43,456	\$ 63,798	\$ 111,965
5,063	8,927	25,869	47,113	13,587	21,087
735,930	909,606	449,951	447,927	(28,204)	(10,702)
\$ 744,011	\$ 921,946	\$ 486,982	\$ 538,496	\$ 49,181	\$ 122,350
\$ 35,344,385	\$ 36,576,042	\$ 37,518,716	\$ 38,857,268	\$ 39,503,607	\$ 40,834,385
\$ 2,365,722	\$ 2,829,284	\$ 876,535	\$ 810,241	\$ 129,605	\$ (636,676)
33,464	1,088,396	960,958	1,099,646	(2,762,899)	(563,522)
\$ 2,399,186	\$ 3,917,680	\$ 1,837,493	\$ 1,909,887	\$ (2,633,294)	\$ (1,200,198)

Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record-ation and Wills Tax	Business License Tax	Total
2019 \$	26,812,001	\$ 2,849,016	\$ 1,375,566	\$ 531,572	\$ 202,609	\$ 959,186	\$ 32,729,950
2018	26,107,887	2,674,023	1,444,055	538,941	224,903	882,385	31,872,194
2017	25,753,935	2,684,576	1,465,354	531,868	203,536	872,532	31,511,801
2016	24,775,816	2,720,814	1,488,723	540,217	181,979	849,796	30,557,345
2015	24,210,212	2,561,164	1,509,304	531,093	184,098	873,386	29,869,257
2014	23,009,779	2,439,476	1,514,494	535,776	208,339	882,478	28,590,342
2013	22,519,602	2,392,591	1,522,050	537,855	191,861	913,827	28,077,786
2012	20,241,098	2,292,809	1,520,806	537,280	199,362	851,571	25,642,926
2011	19,903,929	2,226,190	1,541,967	542,034	182,274	775,021	25,171,415
2010	19,737,346	2,238,747	1,538,143	547,407	192,183	723,687	24,977,513



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COUNTY OF ROCKBRIDGE, VIRGINIA

Fund Balances of Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2010	2011 (1)	2012	2013
General fund				
Reserved	\$ 2,531,217	\$ -	\$ -	\$ -
Unreserved	13,602,863	-	-	-
Nonspendable	-	102,799	121,348	116,671
Restricted	-	1,018,434	1,002,603	1,075,361
Committed	-	856,172	646,172	707,419
Assigned	-	1,259,523	2,061,918	1,934,997
Unassigned	-	14,124,282	15,284,213	17,219,353
Total general fund	\$ <u>16,134,080</u>	\$ <u>17,361,210</u>	\$ <u>19,116,254</u>	\$ <u>21,053,801</u>
All other governmental funds				
Restricted	\$ -	\$ -	\$ -	\$ 4,384,475
Assigned, reported in:				
Capital projects funds	-	278,115	5,434,345	254,255
Unassigned, reported in:				
Special revenue funds	-	(90,345)	(947,976)	(229,603)
Capital projects funds	<u>314,661</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	\$ <u>314,661</u>	\$ <u>187,770</u>	\$ <u>4,486,369</u>	\$ <u>4,409,127</u>

(1) The County implemented GASB 54 in fiscal year 2011, the fund balances for previous years have not been restated per GASB 54 classifications.

Table 4

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
112,861	111,886	104,915	97,188	134,527	149,337
1,000,439	988,933	63,889	281,823	274,880	193,246
385,973	175,973	-	78,036	17,535	-
2,194,043	2,004,485	2,021,502	3,673,682	3,613,452	3,364,713
<u>18,317,586</u>	<u>21,085,055</u>	<u>20,713,488</u>	<u>21,887,717</u>	<u>21,821,167</u>	<u>23,087,925</u>
\$ <u>22,010,902</u>	\$ <u>24,366,332</u>	\$ <u>22,903,794</u>	\$ <u>26,018,446</u>	\$ <u>25,861,561</u>	\$ <u>26,795,221</u>
\$ 331,856	\$ 201,961	\$ 168,890	\$ 170,098	\$ -	\$ -
260,564	232,578	4,119,737	2,076,736	2,896,605	1,435,250
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>592,420</u>	\$ <u>434,539</u>	\$ <u>4,288,627</u>	\$ <u>2,246,834</u>	\$ <u>2,896,605</u>	\$ <u>1,435,250</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

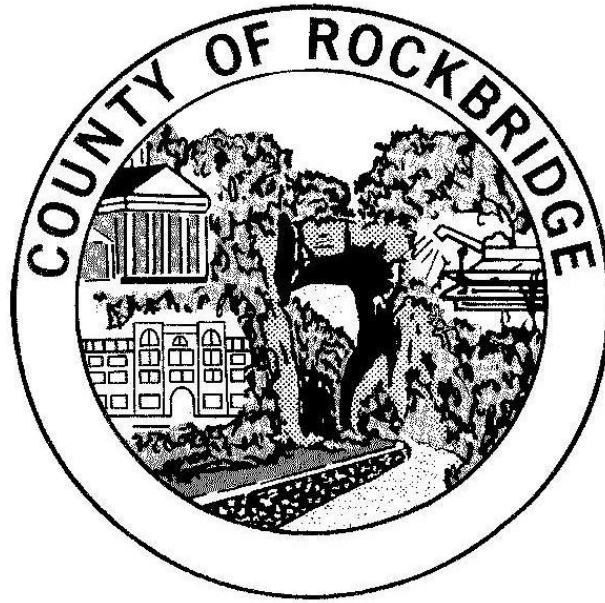
	Fiscal Year			
	2010	2011	2012	2013
Revenues				
General property taxes	\$ 19,568,375	\$ 19,778,269	\$ 20,928,182	\$ 22,414,930
Other local taxes	7,710,929	7,727,630	7,890,010	8,157,801
Permits, privilege fees and regulatory licenses	202,087	181,875	192,207	172,766
Fines and forfeitures	153,837	223,673	284,725	235,024
Revenue from use of money and property	240,641	145,518	74,448	78,229
Charges for services	1,468,108	1,298,983	1,588,288	1,482,185
Miscellaneous	257,616	239,873	2,150,539	2,471,378
Recovered costs	359,866	343,712	303,718	350,799
Intergovernmental:				
Commonwealth	4,652,229	4,935,567	4,733,732	4,847,109
Federal	299,277	500,911	2,278,613	4,416,673
Total revenues	\$ 34,912,965	\$ 35,376,011	\$ 40,424,462	\$ 44,626,894
Expenditures				
General government administration	\$ 1,774,607	\$ 1,642,181	\$ 1,612,340	\$ 1,588,585
Judicial administration	1,199,478	1,183,984	1,188,236	1,278,954
Public safety	5,334,327	5,198,378	5,535,432	5,784,020
Public works	2,911,708	2,944,557	2,956,944	3,082,574
Health and welfare	1,459,363	1,498,725	1,503,694	1,413,425
Education	12,565,769	11,514,555	12,848,581	14,216,366
Parks, recreation and cultural	1,257,674	1,170,665	1,197,527	1,345,586
Community development	2,101,876	2,998,230	6,177,505	7,337,211
Non-Departmental	1,932,209	1,747,190	1,730,059	1,723,096
Capital projects	62,263	36,677	2,335,173	21,849,069
Debt service:				
Principal	2,320,388	1,758,226	1,854,205	3,674,994
Interest and other fiscal charges	2,033,512	1,939,473	2,026,423	2,311,965
Bond issue costs	-	-	-	287,772
Total expenditures	\$ 34,953,174	\$ 33,632,841	\$ 40,966,119	\$ 65,893,617
Excess of revenues over (under) expenditures	\$ (40,209)	\$ 1,743,170	\$ (541,657)	\$ (21,266,723)
Other financing sources (uses)				
Transfers in	\$ 175,135	\$ -	\$ 1,087,294	\$ -
Transfers out	(1,123,448)	(859,771)	(2,198,309)	(1,234,972)
Issuance of refunding bonds	-	-	-	11,760,000
Bonds issued	-	-	7,500,000	21,895,000
Premium on bonds issued	-	-	-	2,533,876
Capital leases	-	216,840	206,315	-
Payment to refunded bond escrow agent	-	-	-	(13,086,006)
Total other financing sources (uses)	\$ (948,313)	\$ (642,931)	\$ 6,595,300	\$ 21,867,898
Net change in fund balances	\$ (988,522)	\$ 1,100,239	\$ 6,053,643	\$ 601,175
Debt service as a percentage of noncapital expenditures	12.48%	11.01%	10.05%	13.59%

Table 5

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 23,372,482	\$ 24,016,493	\$ 24,843,541	\$ 25,725,668	\$ 26,131,707	\$ 26,821,285
8,294,715	8,619,694	9,009,065	9,116,958	9,084,201	9,346,038
210,464	432,008	275,060	255,426	283,671	341,802
451,140	521,412	445,370	601,336	626,580	572,049
58,003	57,337	113,017	169,275	253,575	474,123
1,559,528	1,451,034	1,444,588	1,634,679	1,486,796	1,014,250
1,213,388	943,636	833,978	1,514,145	1,216,150	1,236,036
272,277	317,364	469,735	460,945	387,604	499,845
4,910,801	4,955,261	4,965,583	4,993,539	5,012,009	5,408,397
886,137	475,937	207,913	252,729	316,962	589,109
\$ 41,228,935	\$ 41,790,176	\$ 42,607,850	\$ 44,724,700	\$ 44,799,255	\$ 46,302,934
\$ 1,667,257	\$ 1,586,194	\$ 2,117,583	\$ 2,023,012	\$ 1,963,707	\$ 2,029,406
1,295,768	1,381,899	1,472,432	1,497,223	1,537,279	1,661,334
7,683,885	6,492,485	7,403,041	8,292,069	9,256,857	9,924,315
2,506,757	2,893,763	3,312,600	3,377,393	3,532,420	3,281,203
1,412,588	1,329,207	1,639,246	1,617,640	1,731,697	1,821,605
13,747,740	13,829,192	13,082,282	13,875,717	14,478,618	14,278,558
1,243,472	1,442,883	1,427,654	1,389,469	1,471,789	1,434,036
2,633,159	3,185,514	2,808,451	2,791,218	3,222,033	3,292,580
1,749,577	1,757,409	1,780,693	1,805,264	1,856,695	1,913,840
4,579,992	130,640	486,825	2,098,566	5,790,077	2,039,995
2,107,993	2,053,317	2,502,118	2,064,665	2,437,709	2,876,909
2,724,423	2,600,518	2,746,012	2,371,678	2,291,692	2,287,550
-	-	-	-	-	-
\$ 43,352,611	\$ 38,683,021	\$ 40,778,937	\$ 43,203,914	\$ 49,570,573	\$ 46,841,331
\$ (2,123,676)	\$ 3,107,155	\$ 1,828,913	\$ 1,520,786	\$ (4,771,318)	\$ (538,397)
\$ 28,328	\$ 27,786	\$ 4,575,622	\$ 61,675	\$ 1,211,673	\$ 587,593
(764,258)	(937,392)	(5,025,573)	(509,602)	(1,183,469)	(576,891)
-	-	4,985,000	-	-	-
-	-	-	-	-	-
-	-	835,950	-	-	-
-	-	-	-	5,236,000	-
-	-	(5,579,876)	-	-	-
\$ (735,930)	\$ (909,606)	\$ (208,877)	\$ (447,927)	\$ 5,264,204	\$ 10,702
\$ (2,859,606)	\$ 2,197,549	\$ 1,620,036	\$ 1,072,859	\$ 492,886	\$ (527,695)
12.59%	12.12%	13.15%	10.77%	10.85%	11.19%

General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record- ation and Wills Tax	Business License Tax	Total
2019 \$	26,821,285 \$	2,849,016 \$	1,375,566 \$	531,572 \$	202,609 \$	959,186 \$	32,739,234
2018	26,131,707	2,674,023	1,444,055	538,941	224,903	882,385	31,896,014
2017	25,725,668	2,684,576	1,465,354	531,868	203,536	872,532	31,483,534
2016	24,843,541	2,720,814	1,488,723	540,217	181,979	849,796	30,625,070
2015	24,016,493	2,561,164	1,509,304	531,093	184,098	873,386	29,675,538
2014	23,372,482	2,439,476	1,514,494	535,776	208,339	882,478	28,953,045
2013	22,414,930	2,392,591	1,522,050	537,855	191,861	913,827	27,973,114
2012	20,928,182	2,292,809	1,520,806	537,280	199,362	851,571	26,330,010
2011	19,778,269	2,226,190	1,541,967	542,034	182,274	775,021	25,045,755
2010	19,568,375	2,238,747	1,538,143	547,407	192,183	723,687	24,808,542



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COUNTY OF ROCKBRIDGE, VIRGINIA

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year		Real Estate (1)		Personal Property		Mobile Homes		Machinery and Tools		Public Service (2)		Total Taxable Assessed Value
2019	\$	2,655,783,600	\$	212,796,687	\$	6,568,155	\$	16,960,239	\$	212,415,903	\$	3,104,524,584
2018		2,648,474,200		206,515,010		6,342,995		16,449,119		203,142,456		3,080,923,780
2017		2,631,621,600		201,464,825		6,550,990		15,378,673		184,195,145		3,039,211,233
2016		2,439,031,715		193,324,971		6,606,563		15,010,380		179,117,907		2,833,091,536
2015		2,427,102,558		185,452,684		6,526,117		14,293,472		158,517,874		2,791,892,705
2014		2,409,180,980		182,796,656		6,654,724		14,745,031		146,349,769		2,759,727,160
2013		2,406,225,814		181,627,780		6,529,754		14,352,182		130,966,279		2,739,701,809
2012		2,393,006,606		174,030,130		6,943,019		13,415,023		118,289,855		2,705,684,633
2011		2,381,260,966		168,167,630		9,112,766		10,822,737		113,384,467		2,682,748,566
2010		2,436,189,073		161,297,226		9,172,343		11,287,004		92,656,310		2,710,601,956

Source: Commissioner of the Revenue

(1) Real estate is assessed at 100% of market value.

(2) Assessed values are established by the State Corporation Commission

(3) Source: Virginia Department of Taxation

Table 7

	Estimated Actual Taxable Value	State Sales Assessment Ratio (3)	Total Direct Rate
\$	3,054,732,445	101.63%	\$ 8.26
	3,124,669,148	98.60%	8.20
	2,977,867,169	102.06%	8.20
	2,872,735,283	98.62%	8.27
	2,788,824,998	100.11%	8.23
	2,848,309,588	96.89%	8.23
	2,827,641,458	96.89%	8.14
	2,792,532,390	96.89%	8.08
	2,697,042,893	99.47%	8.02
	2,668,966,085	101.56%	7.98

Property Tax Rates (1)
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Direct Rates					
Tax Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Total Direct Rate
2019	\$ 0.73	\$ 4.25	\$ 0.73	\$ 2.55	\$ 8.26
2018	0.70	4.25	0.70	2.55	8.20
2017	0.70	4.25	0.70	2.55	8.20
2016	0.735	4.25	0.735	2.55	8.27
2015	0.715	4.25	0.715	2.55	8.23
2014	0.715	4.25	0.715	2.55	8.23
2013	0.67	4.25	0.67	2.55	8.14
2012	0.64	4.25	0.64	2.55	8.08
2011	0.61	4.25	0.61	2.55	8.02
2010	0.59	4.25	0.59	2.55	7.98

Source: Commissioner of the Revenue

(1) Per \$100 of assessed value.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date				
			Amount	Percentage of Levy		Amount	Percentage of Levy			
2019	\$	29,022,230	\$	27,867,556	96.02%	\$	-	\$	27,867,556	96.02%
2018		28,195,589		27,044,729	95.92%		755,429		27,800,158	98.60%
2017		27,587,034		26,685,209	96.73%		694,315		27,379,524	99.25%
2016		26,614,006		25,756,651	96.78%		738,975		26,495,626	99.56%
2015		25,839,111		24,786,530	95.93%		965,620		25,752,150	99.66%
2014		25,571,272		24,997,455	97.76%		557,845		25,555,300	99.94%
2013		23,894,710		23,332,287	97.65%		554,575		23,886,862	99.97%
2012		23,041,039		22,189,814	96.31%		846,408		23,036,222	99.98%
2011		21,983,597		21,203,088	96.45%		776,204		21,979,292	99.98%
2010		21,601,653		20,791,246	96.25%		807,051		21,598,297	99.98%

Source: Commissioner of the Revenue, Treasurer's office.

(1) Exclusive of penalties and interest, includes Commonwealth of Virginia PPTRA reimbursement.

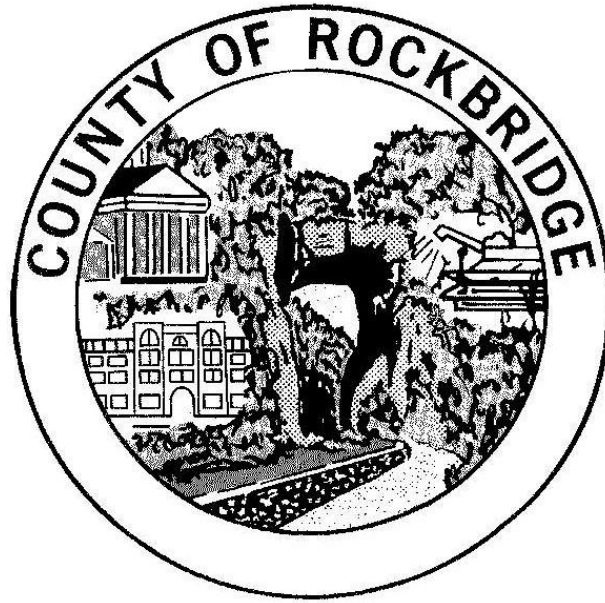
(2) Does not include land redemptions.

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2019		Fiscal Year 2010	
		2019 Assessed Valuation	% of Total Assessed Valuation	2010 Assessed Valuation	% of Total Assessed Valuation
Virginia Elec. & Power Company	Utility	\$ 130,410,089	4.910%	\$ n/a	n/a
Lexington Retirement Community, Inc.	Health Provider	31,700,300	1.194%	31,513,200	1.163%
BARC Electric	Utility	23,216,117	0.874%	n/a	n/a
Landeau, Laurie J.	Individual	16,522,800	0.622%	n/a	n/a
Lowe's Home Center	Retail	10,870,100	0.409%	7,711,700	0.285%
BJB Properties LLC	Industry & Service	10,440,900	0.393%	n/a	n/a
Mountain View Brewery, LLC	Manufacturer/Retail	10,118,300	0.381%	n/a	n/a
Virginia Conservation Legacy*	Hospitality	9,969,300	0.375%	15,879,400	0.586%
Wal-Mart Real Estate Business Trust	Retail	9,934,500	0.374%	8,556,300	0.316%
West Airlie Farms, LLC	Agriculture	9,809,600	0.369%	n/a	n/a
		<u>\$ 262,992,006</u>	<u>9.903%</u>	<u>\$ 63,660,600</u>	<u>2.349%</u>

*Formerly associated with Natural Bridge of Virginia, LCC in FY 2010

Source: Commissioner of Revenue



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COUNTY OF ROCKBRIDGE, VIRGINIA

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Revenue Bonds	Literary Fund Loans	Capital Leases	General Obligation Bonds	Capital Leases
2019	\$ 35,991,654	\$ 16,005,000	\$ 540,000	\$ 4,984,644	\$ 5,902,133	\$ 691,895
2018	38,210,078	16,440,000	715,000	5,236,000	6,532,992	606,418
2017	40,365,658	16,745,000	895,000	-	7,143,851	643,359
2016	42,453,194	16,745,000	1,075,000	-	7,264,710	916,590
2015	43,604,236	17,390,000	1,255,000	-	724,462	449,111
2014	45,109,146	17,870,000	1,435,000	53,280	750,543	583,060
2013	46,590,095	18,359,697	1,635,000	173,515	776,624	317,405
2012	24,907,549	19,055,719	2,000,000	330,643	776,624	-
2011	18,537,312	19,523,530	2,200,000	226,105	-	-
2010	19,638,305	19,967,851	2,400,000	67,323	-	-

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics-Table 14.

Table 11

	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$	64,115,326	7.30%	\$ 2,845
	67,740,488	7.87%	2,990
	65,792,868	7.95%	2,958
	68,454,494	8.87%	3,089
	63,422,809	8.21%	2,862
	65,801,029	8.44%	2,939
	67,852,336	9.06%	3,038
	47,070,535	6.39%	2,131
	40,486,947	5.67%	1,827
	42,073,479	6.11%	1,886

COUNTY OF ROCKBRIDGE, VIRGINIA
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Table 12

Fiscal Year	Population (1)	Assessed Value (2)	Gross and Net Bonded Debt (3)	Less: Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2019	22,539	\$ 2,655,783,600	\$ 36,531,654	\$ -	\$ 36,531,654	1.38%	\$ 1,621
2018	22,659	2,648,474,200	38,925,078	-	38,925,078	1.47%	1,718
2017	22,241	2,631,621,600	41,260,658	-	41,260,658	1.57%	1,855
2016	22,163	2,439,031,715	43,528,194	-	43,528,194	1.78%	1,964
2015	22,163	2,427,102,558	44,859,236	-	44,859,236	1.85%	2,024
2014	22,390	2,409,180,980	46,544,146	-	46,544,146	1.93%	2,079
2013	22,338	2,406,225,814	48,225,095	-	48,225,095	2.00%	2,159
2012	22,090	2,393,006,606	26,907,549	-	26,907,549	1.12%	1,218
2011	22,155	2,381,260,966	20,963,417	-	20,963,417	0.88%	946
2010	22,307	2,436,189,073	22,038,305	-	22,038,305	0.90%	988

(1) www.coopercenter.org; See the Schedule of Demographic and Economic Statistics - Table 14

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property- Table 7

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans which are repaid from general government resources. Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Pledged-Revenue Coverage, as Revised
Last Ten Fiscal Years

Fiscal Year	Landfill Revenue Bonds						
	Landfill Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2019	\$ 2,381,473	\$ 1,484,858	\$ 896,615	\$ 535,000	\$ 254,172	113.61%	
2018	2,122,475	1,103,408	1,019,067	515,000	277,803	128.54%	
2017	2,252,340	967,399	1,284,941	25,000	272,475	431.95%	
2016	2,113,441	777,930	1,335,511	20,000	29,656	2689.53%	
2015	1,583,311	731,128	852,183	20,000	40,173	1416.22%	
2014	936,618	987,004	(50,386)	20,000	31,456	-97.92%	
2013	1,035,112	779,351	255,761	-	28,107	909.95%	
2012	1,063,575	748,612	314,963	-	-	N/A	
2011	1,126,524	787,877	338,647	-	-	N/A	
2010	1,213,528	893,631	319,897	-	-	N/A	

Note: Landfill charges and other include landfill charges and miscellaneous revenues but not investment earnings or capital contributions. Operating expenses include all operating expenses except depreciation expense.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
2019	22,609	\$ 881,321,429	\$ 38,981	47	2,743	2.60%
2018	22,659	860,792,751	37,989	47	2,740	3.40%
2017	22,241	827,587,610	37,210	47	2,737	4.60%
2016	22,163	772,070,268	34,836	47	2,755	4.40%
2015	22,163	772,070,268	34,836	47	2,613	5.80%
2014	22,390	779,978,040	34,836	47	2,604	5.40%
2013	22,338	748,859,112	33,524	47	2,594	6.00%
2012	22,090	736,767,770	33,353	47	2,546	5.60%
2011	22,155	714,232,890	32,238	47	2,499	5.90%
2010	22,307	688,327,099	30,857	47	2,505	6.30%

Sources: Weldon Cooper Institute, Central Shenandoah Planning District Commission*, Rockbridge County School Division, and the Virginia Employment Commission.

* Independent Cities of Buena Vista and Lexington included with Rockbridge County. Data not available separately.

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2019			Fiscal Year 2010		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Mohawk Industries, Inc.	618	1	5.80%	945	1	13.44%
Rockbridge County Schools	486	2	4.56%	n/a	n/a	n/a
White's Travel Center	264	3	2.48%	117	5	1.66%
Walmart	240	4	2.25%	277	2	3.94%
Kendall	185	5	1.74%	142	4	2.02%
Vesuvius Corporation	148	6	1.39%	116	6	1.65%
Byers, Inc.	145	7	1.36%	n/a	n/a	n/a
Up to Par Management	98	8	0.92%	n/a	n/a	n/a
Lowes	85	9	0.80%	102	7	1.45%
County of Rockbridge	76	10	0.71%	n/a	n/a	n/a
Totals	2,345		22.00%	1,699		24.16%

Businesses with 2010 employment figure marked 'n/a' do not maintain their records to this timeframe, were unable to provide requested information, or were not in business at that time.

Sources: Individual company human resource departments.

Note: Excludes state agency data.

COUNTY OF ROCKBRIDGE, VIRGINIA

Full-time County Government Employees by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2010	2011	2012	2013	2014
General government	16	16	16	16	16
County Administration	2	2	2	2	2
County Attorney	1	1	1	1	1
Central Accounting	3	2	2	2	2
Information Technology	1	1	1	1	1
Human Resources	0	0	0	0	0
Commissioner of the Revenues	4	4	4	4	4
Treasurer	4	4	4	4	4
Fiscal Services	1	2	2	2	2
Registrar	1	1	1	1	1
Judicial administration	18	18	18	18	18
Clerk of Circuit Court	5	5	5	5	5
Circuit Court	1	1	1	1	1
Combined Court Security	6	6	6	6	6
Commonwealth's Attorney	5	5	5	5	5
Victim Witness Coordinator	1	1	1	1	1
Public safety	42	42	43	42	43
Sheriff Office	34	34	34	34	35
Fire, Rescue, & Emergency Mgmt.	1	1	1	1	2
Building inspections	4	4	4	4	3
E&S Control-Storm Water Mgmt.	1	1	2	1	1
Special Enforcement	2	2	2	2	2
Public works	18	18	18	18	18
Refuse & Recycling Collections	2	5	5	5	5
Landfill (Blue Ridge Resource Auth.)	10	7	7	7	7
Combined Courthouse Maint.	1	1	1	1	1
Engineering	0	0	0	0	0
Fleet Services	5	5	5	5	5
Health and welfare					
Department of Social Services	25	25	25	25	23
Culture and recreation	5	5	5	5	5
Parks and recreation	3	3	3	3	3
Preschool Program	2	2	2	2	2
Community development	6	6	6	6	6
Planning & Zoning	3	3	3	3	3
Geographic Information System	2	2	2	2	2
Rental Assistance	1	1	1	1	1
Totals	131	131	132	131	130

Source: Individual County departments

Table 16

Fiscal Year				
2015	2016	2017	2018	2019
16	16	17	17	17
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
4	4	5	5	5
4	4	4	4	4
2	2	2	2	2
1	1	1	1	1
18	19	19	20	21
5	6	6	6	6
1	1	1	1	1
6	6	6	7	7
5	5	5	5	6
1	1	1	1	1
43	43	43	41	60
35	35	35	33	38
2	2	2	2	16
3	3	3	3	3
1	1	1	1	1
2	2	2	2	2
18	18	17	20	17
5	5	4	3	3
7	7	7	9	6
1	1	1	2	2
0	0	0	0	0
5	5	5	6	6
26	26	27.5	33	33
5	6	6	6	6
3	4	4	4	4
2	2	2	2	2
6	6	6	6	6
3	3	3	3	3
2	2	2	2	2
1	1	1	1	1
133	135	136.5	144	161

COUNTY OF ROCKBRIDGE, VIRGINIA

Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2010	2011	2012	2013	2014
Public safety					
Fire and rescue:					
Number of calls answered	4,876	4,983	5,636	4,791	5,582
Building inspections:					
Permits issued	294	310	274	310	522
Public works					
Landfill:					
Refuse collected (tons/day)	97	138	138	141	141
Recycling (tons/day)	13	11	11	13	15
Health and welfare					
Department of Social Services:					
Caseload	3,622	6,714	6,714	6,366	6,275

*Calls dispatched; includes Lexington and Buena Vista Fire and Rescue calls into County

**Tons per day based on 306 work days

***Includes Lexington City, excludes Buena Vista City and private enterprises

Source: Individual County departments--only information that is currently available

Table 17

Fiscal Year				
2015	2016	2017	2018	2019
5,475	5,580	5908*	5610*	6104*
529	535	533	503	515
141	144	141**	132**	169**
17	13***	13***	10***	9***
6,286	6,239	5,829	5,804	5497

COUNTY OF ROCKBRIDGE, VIRGINIA

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2010	2011	2012	2013	2014
General government					
Administration buildings	1	1	1	1	1
Judicial Administration					
Courthouse	1	1	1	1	1
Vehicles (Courthouse Security)	3	3	3	3	3
Public safety					
Sheriff (Law Enforcement):					
Vehicles	38	39	39	39	39
Fire, EMS & Emg. Mgmt.:					
Vehicles	1		2	2	3
Building inspections/maintenance:					
Vehicles	4	3	3	3	3
Animal control:					
Vehicles	2	2	2	2	2
Public works					
Collections:					
Vehicles	N/A	N/A	N/A	N/A	N/A
Sites	5	5	5	5	5
Landfill:					
Vehicles	N/A	N/A	N/A	N/A	N/A
Sites	1	1	1	1	1
Fleet Services:					
Vehicles	N/A	N/A	N/A	N/A	N/A
Facilities	1	1	1	1	1
Health and welfare					
Department of Social Services:					
Vehicles	1	4	4	4	4
Parks, culture and recreation					
Parks and recreation:					
Vehicles	3	3	3	3	3
Swimming pools	2	2	2	2	2
Community development					
Planning/GIS:					
Vehicles	3	3	3	3	3

Source: Individual County departments--only information that is currently available

Table 18

Fiscal Year				
2015	2016	2017	2018	2019
1	1	1	1	1
1	1	1	1	1
3	3	3	3	4
38	40	42	44	36
3	3	3	3	4
4	4	4	4	4
2	2	2	2	2
N/A	1	1	1	1
5	5	5	5	6
N/A	N/A	4	4	6
1	1	1	1	1
N/A	N/A	4	5	8
1	1	1	1	1
5	5	6	6	6
2	3	3	3	3
2	2	2	2	2
3	3	3	3	3

COUNTY OF ROCKBRIDGE, VIRGINIA

Schedule of the City of Lexington's and Buena Vista's Share of Certain General Government Expenditures
Year Ended June 30, 2019

Description	Total Cost to the County	State and Other Reimbursement	City of Lexington Share		
			Net County Cost	% Used	Total Cost
Clerk of the Circuit Court	\$ 464,593	\$ 302,439	\$ 162,154	24.95%	\$ 40,457
Circuit Court - Expenses	70,015	-	70,015	24.95%	17,469
General District and J&D Court	19,499	-	19,499	24.95%	4,865
Courthouse Maintenance	294,206	-	294,206	24.95%	73,404
25th Court Services Unit-Juvenile Probation	5,476	-	5,476	20.37%	1,115
Commonwealth's Attorney	579,590	433,509	146,081	24.95%	36,447
Sheriff's Salary	120,514	95,699	24,815	24.95%	6,191
Advancement of Agriculture (City Agent)	86,300	-	86,300	15.00%	12,945
Totals	\$ 1,640,193	\$ 831,647	\$ 808,546		\$ 192,895

Table 19

<u>City of Buena Vista Share</u>	
<u>% Used</u>	<u>Total Cost</u>
-	\$ -
-	-
-	-
-	-
18.34%	1,004
-	-
-	-
-	-
	<hr/>
	\$ <u>1,004</u>

COMPLIANCE SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF ROCKBRIDGE, VIRGINIA**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Rockbridge, Virginia's basic financial statements, and have issued our report thereon dated December 13, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Rockbridge, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Rockbridge, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Rockbridge, Virginia's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Rockbridge, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 13, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF ROCKBRIDGE, VIRGINIA**

Report on Compliance for Each Major Federal Program

We have audited County of Rockbridge, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Rockbridge, Virginia's major federal programs for the year ended June 30, 2019. County of Rockbridge, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Rockbridge, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Rockbridge, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Rockbridge, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Rockbridge, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of County of Rockbridge, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Rockbridge, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Rockbridge, Virginia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 13, 2019

County of Rockbridge, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture: Pass Through Payments: Child Nutrition Cluster			
Department of Agriculture: Food Distribution	10.555	40623	\$ 78,859
Department of Education: National School Lunch Program	10.555	40254	547,517
Total School Lunch Program			\$ 626,376
Summer Food Service Program for Children	10.559	Not available	\$ 4,234
School Breakfast Program	10.553	40253	168,165
Total Child Nutrition Cluster			\$ 798,775
Schools and Roads - Grants to States	10.665	43841	63,861
Total Department of Agriculture			\$ 862,636
Environmental Protection Agency: Pass Through Payments: Department of Environmental Quality: DEQ Royalty Grants	66.000	515002	\$ 464
Department of Housing and Urban Development: Pass Through Payments: Department of Housing and Community Development: Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii	14.228	HCD50790	\$ 320,609
Department of Justice: Pass Through Payments: Department of Criminal Justice Service: Crime Victims Assistance	16.575	18-U9578VW16	\$ 55,063
Bulletproof Vest Partnership Program	16.607	Not available	3,514
Violence Against Women Formula Grants	16.588	18-T9831VA16	1,809
Total Department of Justice			\$ 60,386
Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Open Container Requirements	20.607	154AL 18 58272	\$ 12,325
Highway Safety Cluster: National Priority Safety Programs	20.616	M2HVE 18 58222	1,033
State and Community Highway Safety	20.600	Not available	11,098
Subtotal Highway Safety Cluster			\$ 12,131
Total Department of Transportation			\$ 24,456

County of Rockbridge, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
Adult Education-Basic Grants to States	84.002	42801	\$ 122,165
Title I: Grants to Local Educational Agencies	84.010	42901	566,648
Special Education Cluster:			
Special Education Grants to States	84.027	43071	583,717
Special Education Preschool Grants	84.173	62521	14,054
Total Special Education Cluster			\$ 597,771
Career and Technical Education - Basic Grants to States	84.048	61095	\$ 51,234
Supporting Effective Instruction State Grants	84.367	61480	94,259
Twenty-First Century Community Learning Centers	84.287	60565	357,089
English Language Acquisition State Grants	84.365	Not available	4,007
Student Support and Academic Enrichment Program	84.424	60281	37,091
Action Against Poverty	84.000	Not available	36,652
Total Department of Education			\$ 1,866,916
Total Expenditures of Federal Awards			\$ 3,135,467

Notes to Schedule of Expenditures of Federal Awards:

NOTE 1-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Rockbridge, Virginia under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Rockbridge, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Rockbridge, Virginia.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) County of Rockbridge, Virginia has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(3) Pass-through entity identifying numbers are presented where available.

NOTE 3-FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, the County had food commodities totaling \$18,821 in inventory. The value of food commodities expended during the year ended June 30, 2019 amounted to \$63,861.

NOTE 4 - SUBRECIPIENTS

No awards were passed through to subrecipients.

NOTE 5 - RELATIONSHIP TO FINANCIAL STATEMENTS

Federal expenditures, revenues, and capital contributions are reported in the County's basic financial statements as follows:

NOTE 6 - LOANS

The County did not have any loans or loan guarantees which are subject to reporting requirements in the current year.

Intergovernmental federal revenues per the basic financial statements:

Primary government:

Governmental funds

General fund

Department of the Interior - Payment in Lieu of Taxes

Total primary government

\$ 589,109
 (183,194)
 \$ 405,915

Discretely presented component unit - School Board:

School operating fund

School cafeteria fund

Total discretely presented component unit - School Board

\$ 1,930,777
 798,775
 \$ 2,729,552

Total federal expenditures per the Schedule of Expenditures of
 Federal awards

\$ 3,135,467

COUNTY OF ROCKBRIDGE, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Type of auditors' report issued on compliance for major programs unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Food Distribution
10.559	Summer Food Service Program for Children

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

There are no financial statement findings to report.

Section III-Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV-Summary of Prior Year Findings

There were no prior year findings.